



# 2014

## REPORT AND ACCOUNTS

For the year ended 31st March 2014



Toa Re's advanced capabilities are founded on the accumulated skills and experience of its professional staff.



## **ToaRe Mission Statement**

### ***Providing Peace of Mind***

***Toa Re aims to realize its mission by***

***working with society and applying the principles of fairness and integrity to all aspects of our business***

***offering long-term, solid support to our clients by supplying reinsurance products and services that enable them to maintain stable operations***

***striving to further the interests of our shareholders and keeping them fully informed at all times***

***respecting the creativity of our employees and valuing their contributions***

***conserving the environment and contributing to the community***

# Profile

The Toa Reinsurance Company, Limited (Toa Re), was established in 1940. With the reinsurance market evolving and customers' needs expanding, we have recognized the importance of being able to provide a diverse line of life and non-life reinsurance products to lead the market as Japan's primary professional reinsurer. Toa Re is based in Tokyo with subsidiaries in New Jersey and Graubünden (Switzerland). Increasing demand for reinsurance products in Asian countries prompted us to expand our operations in that region and establish branch offices in Singapore, Kuala Lumpur and Hong Kong.

In acknowledgment of Toa Re's outstanding financial profile, credit rating agencies Standard & Poor's, A.M. Best Company, Inc. and Japan Credit Rating Agency, Ltd., have assigned Toa Re ratings of A+, A+ and AA+, respectively. As of 31st March 2014, the Toa Re Group boasted total assets of ¥640.5 billion. Net premiums written during the fiscal year ended 31st March 2014, totaled ¥200.6 billion.

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## Notes:

All U.S. dollar figures in this report have been converted from yen, for convenience only, at the rate of ¥102.92=US\$1, which prevailed on 31st March 2014.

When truncating figures and rounding off percentages, no attempt was made to reconcile totals and breakdowns. Minor discrepancies may therefore be found when individual numbers are added together and compared with the totals shown.

All premiums shown are net of profit commissions.

# Message from the President

## Operating Environment

During fiscal 2013, the year ended March 31, 2014, the Japanese economy remained on a moderate recovery track as personal consumption was robust, reflecting improvement of the labor market and rising personal incomes, while corporate earnings increased against the backdrop of the positive impact of the Abe administration's economic policies and a more favorable export conditions.

In the non-life insurance industry in Japan, net premium income trended upward centering on premiums from fire insurance and automotive insurance, supported by increases in the number of new housing starts and automotive sales, while also benefiting from the revision of insurance premium rates and insurance products.

In the life insurance industry in Japan, both the number and the amount of new policies trended upward, reflecting brisk sales of medical insurance and whole life insurance. On the other hand, although the number of policies in force increased in line with the buoyant sales of new policies, there was little growth in the amount of policies in force, in view of the recent trend toward greater emphasis on medical coverage and less emphasis on death protection.

In the reinsurance market, there was excess reinsurance capacity owing to the improvement of financial conditions of reinsurance companies and the large amount of capital flowing into the reinsurance market. Thus, reinsurance premium rates softened, resulting in intensified competition among reinsurers.

In these circumstances, in accordance with the Forward 2014 medium-term management plan launched in 2012, the Toa Re Group implemented the initiatives described below to realize the corporate vision articulated in the plan. Utilizing sophisticated expertise and intelligence (E&I), we provide peace of mind with high-quality solutions and services with the goal of being a growing profitable global reinsurance group trusted by all stakeholders.



## Strategic Vision for Future Growth of the Toa Re Group "Forward 2014"

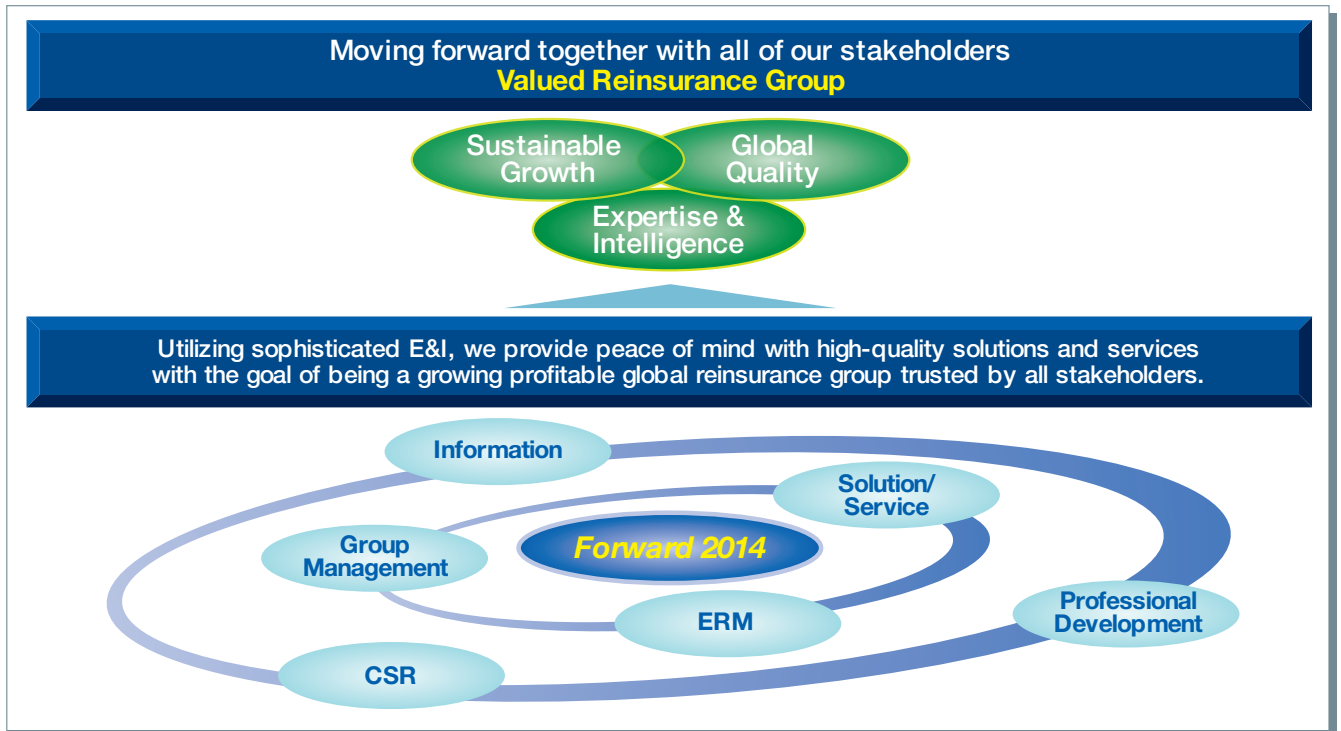
With fulfillment of corporate social responsibility (CSR) as the foundation of the vision, the other key issues are systems and personnel development to strengthen managerial resources, provision of enterprise risk management (ERM)-based solutions to clients, and further reinforcement of Group management through the concerted efforts of subsidiaries, branch offices and the head office to enhance international competitive edge. Corresponding to these key issues, we have articulated the ideal profile of the Group from the medium- to long-term perspective and have drawn up a roadmap.

The Toa Re Group will implement the strategic policies outlined in Forward 2014 with the aim of realizing the ideal profile of the Group and make a Group-wide effort to achieve sustainable growth.

A handwritten signature in black ink, appearing to read 'Tomoatsu Noguchi', written over a white background.

Tomoatsu Noguchi  
President and Chief Executive

## Medium-term Management Plan “Forward 2014”



○ Long-term vision

Our long-term vision is to become a “Valued Reinsurance Group” advancing hand in hand with our stakeholders based on “Sustainable Growth,” “Global Quality,” and “Expertise & Intelligence.”

○ Medium-term management plan “Forward 2014”

◆ Medium-term vision

Our medium-term vision is to become a growing, profit-

able, global reinsurance group trusted by our stakeholders, utilizing sophisticated expertise and intelligence (E&I) to provide high-quality solutions and services.

◆ Six facets of the vision

With the aim of achieving the ideal profile of the Group, we have established six facets of the vision from the viewpoint of stakeholders.

Vision Facets	Strategic Policies
<b>Realization of Forward 2014</b>	
<b>Solution / Service</b> Providing of solutions /services that increase customer satisfaction	Propose and develop solution methods Strengthen business development that supports profitable growth
<b>ERM</b> Greater sophistication for risk-based management	Strengthen capital management Promote the ERM PDCA cycle
<b>Group Management</b> Promotion of group-based management	Achieve group-based international franchise value Strengthen governance
<b>Information</b> Promotion of an information and communication technology(ICT) strategy	Strategically address regulatory and system changes Enhance the operation infrastructure
<b>Professional Development</b> An organization of experts pursuing sophisticated E&I	Secure/nurture human resources able to excel on a global stage Make strategic use of intelligence/data
<b>CSR</b> Sound ongoing implementation of CSR activities	Make a sustainable contribution as a good corporate citizen Maintain compliance

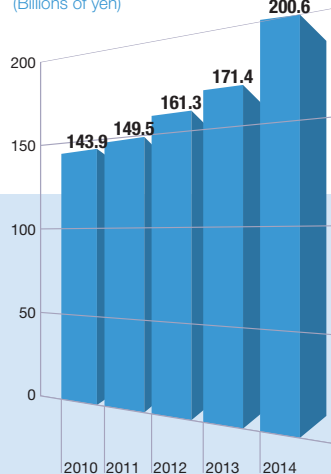
The Toa Re Group will implement the strategic policies corresponding to the six facets of the vision with the aim of realizing the ideal profile of the Group and achieving sustainable growth through a Group-wide effort.

# Consolidated Financial Highlights

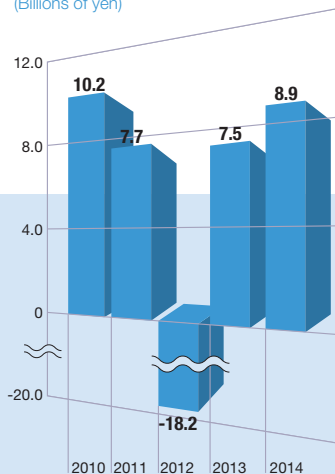
The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
<b>For the fiscal year</b>						
Ordinary income	¥ 246,820	¥ 234,064	¥ 271,516	¥ 179,275	¥ 166,749	\$2,398,173
Net premiums written	200,655	171,489	161,363	149,566	143,959	1,949,621
Ordinary profit (loss)	10,122	13,111	(7,664)	10,194	19,846	98,348
Net income (loss)	8,910	7,597	(18,268)	7,731	10,256	86,572
<b>At fiscal year-end</b>						
Total net assets	160,289	125,052	93,523	126,138	137,184	1,557,413
Total assets	640,539	598,319	588,494	581,558	588,615	6,223,659
<b>Per share data</b>						
Shareholders' equity	¥ 1,745.65	¥1,377.70	¥1,032.92	¥1,393.15	¥1,515.15	\$ 16.961
Net income (loss)	97.56	83.89	(201.76)	85.38	104.97	0.947
<b>Key ratios</b>						
Shareholders' equity ratio	25.02%	20.90%	15.89%	21.69%	23.31%	
Return on equity (ROE) ratio	6.25	6.95	-16.63	5.87	8.26	

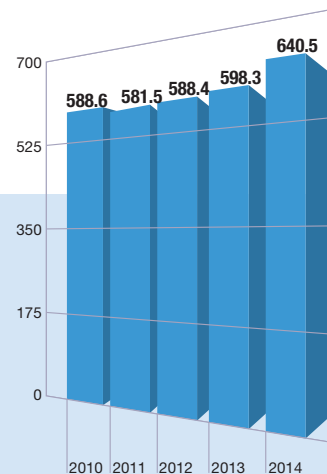
**Net Premiums Written**  
(Billions of yen)



**Net Income**  
(Billions of yen)



**Total Assets** (Billions of yen)



# Non-Consolidated Financial Highlights

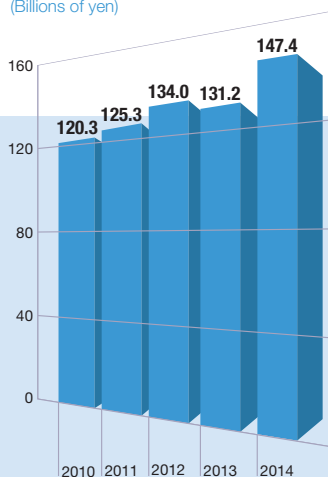
The Toa Reinsurance Company, Limited  
For the years ended 31st March

	Millions of yen					Thousands of U.S. dollars
	2014	2013	2012	2011	2010	2014
<b>For the fiscal year</b>						
Net premiums written	¥ 147,420	¥ 131,203	¥ 134,079	¥ 125,354	¥ 120,329	\$1,432,374
Underwriting profit (loss)	(9,743)	(2,935)	(38,076)	(2,877)	3,595	(94,665)
Interest and dividends income	9,507	7,382	11,279	8,479	7,308	92,372
Ordinary profit (loss)	(372)	8,369	(7,060)	4,647	14,874	(3,614)
Net income (loss)	1,722	4,489	(15,522)	3,807	6,758	16,731
<b>At fiscal year-end</b>						
Invested assets	386,915	393,035	409,570	383,869	395,628	3,759,376
Total assets	468,875	474,907	497,910	482,194	481,915	4,555,722
Underwriting reserves	165,277	148,334	157,634	226,694	238,701	1,605,878
Capital stock	5,000	5,000	5,000	5,000	5,000	48,581
Total net assets	103,153	95,057	79,094	106,545	115,704	1,002,263

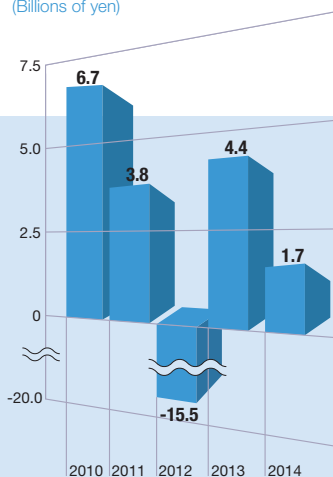
	Yen					U.S. dollars
	2014	2013	2012	2011	2010	2014
<b>Per share data</b>						
Shareholders' equity	¥ 1,123.40	¥ 1,047.24	¥ 873.56	¥1,176.75	¥1,277.91	\$ 10.915
Declared dividends	7.00	7.00	7.00	7.00	7.00	0.068
Net income (loss)	18.86	49.57	(171.43)	42.05	69.17	0.183

	Percent				
	2014	2013	2012	2011	2010
<b>Key ratios</b>					
Net loss ratio	91.43%	107.96%	97.47%	59.20%	59.45%
Net expense ratio	23.19	28.85	29.43	30.24	30.88
Return on investment	2.91	2.11	3.35	2.56	2.20
Shareholders' equity ratio	22.00	20.02	15.89	22.10	24.01
Return on equity (ROE) ratio	1.74	5.16	-16.72	3.43	6.23
Payout ratio	37.12	14.12	—	16.65	10.12

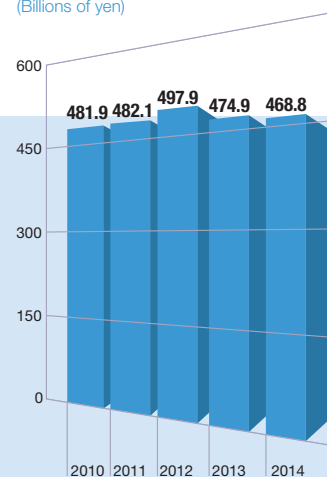
**Net Premiums Written**  
(Billions of yen)



**Net Income**  
(Billions of yen)



**Total Assets**  
(Billions of yen)



# Corporate History

1940 10 Established as The Toa Fire and Marine Reinsurance Company, Limited, capitalized at ¥50 million.

1945 4 Ceased business as a reinsurance company due to the establishment of a government reinsurance agency.

4 Became a direct insurance company, changing our name to The Toa Fire and Marine Insurance Company, Limited.

6 Started direct business at branches in Tianjin and Shanghai.

8 Decreased capital to ¥25 million from ¥50 million.

1947 4 Re-established as a reinsurance company.

1948 2 Changed name back to The Toa Fire and Marine Reinsurance Company, Limited.

1952 4 Started to transact overseas reinsurance business.

1953 4 Increased capital to ¥50 million from ¥25 million.

1962 3 Increased capital to ¥100 million from ¥50 million.

1971 10 Increased capital to ¥200 million from ¥100 million.

1974 10 Increased capital to ¥500 million from ¥200 million.

1975 4 Opened representative office in London.

1977 10 Increased capital to ¥750 million from ¥500 million.

1979 4 Opened representative office in Hong Kong.

7 Held "Reinsurance Seminar of Toa (RST) Vol. 1."

12 Established The Toa-Re Insurance Company (U.K.) Limited.

1980 10 Increased capital to ¥1,000 million from ¥750 million.

11 Started the "JTT" (Jump To Ten) management plan.

1982 4 Opened representative office in New York.

10 Established The Toa Reinsurance Company of America. (Consolidated subsidiary)

1986 10 Increased capital to ¥2,000 million from ¥1,000 million.

1988 4 Started the "Challenge 50" management plan.

1991 4 Started the "Action 21" management plan.

1995 10 Increased capital to ¥5,000 million from ¥2,000 million.

1997 2 Obtained approval to begin offering life reinsurance products.

9 Opened branch office in Singapore.

9 Received "Reinsurance Company of the Year" award.

12 Acquired all outstanding stock in M&G Re America and merged it with The Toa Reinsurance Company of America.

1998 3 Received additional approval to offer a complete range of life reinsurance products.

1999 1 Opened branch office in Kuala Lumpur.

4 Changed name to The Toa Reinsurance Company, Limited.

6 Opened branch office in Hong Kong.

2000 7 Obtained approval to handle co-operative non-life reinsurance.

11 Opened representative office in Taipei.

2001 4 Started "Progress 21" medium-term management plan.

2002 1 Established The Toa 21st Century Reinsurance Company Limited. (Consolidated subsidiary)

4 Obtained approval to handle co-operative life reinsurance.

2003 3 Sold The Toa-Re Insurance Company (U.K.) Limited.

2006 4 Launched "PROCEED 2008" medium-term management plan.

2009 4 Launched "Crescendo 2011" medium-term management plan.

2012 4 Launched "Forward 2014" medium-term management plan.



1941: Head office



1962: New head office opened (at the site of the present head office)



The Toa Reinsurance Co. of America



The present head office



# Worldwide Network



## Branches

### Singapore

50 Raffles Place #26-01, Singapore Land Tower, Singapore 048623  
Telephone: 65-6220-0123  
Facsimile: 65-6222-5383

### Kuala Lumpur

28th Floor, UBN Tower, 10, Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia  
Telephone: 60-3-2732-5911  
Facsimile: 60-3-2732-5915

### Hong Kong

Room 801, 8th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong  
Telephone: 852-2865-7581  
Facsimile: 852-2865-2252

## Subsidiaries

### U.S.A.

The Toa Reinsurance Company of America  
177 Madison Avenue, P.O. Box 1930, Morristown, NJ 07962-1930, U.S.A.  
Telephone: 1-973-898-9480  
Facsimile: 1-973-898-9495

The Toa Reinsurance Company of America (Agricultural Office)  
18301 Von Karman Avenue, Suite 310, Irvine, CA 92612, U.S.A.

### Canada

The Toa Reinsurance Company of America (Toronto branch)  
55 University Avenue, Suite 1700 P.O. Box 53 Toronto, Ontario, M5J 2H7, Canada  
Telephone: 1-416-366-5888  
Facsimile: 1-416-366-7444

### Switzerland

The Toa 21st Century Reinsurance Company Ltd.  
Quaderstrasse 8, 7000 Chur, Graubünden, Schweiz

## Representative Offices

### U.K.

70 St Mary Axe, London, EC3A 8BE, U.K.  
Telephone: 44-20-3102-4050  
Facsimile: 44-20-3102-4478

### U.S.A.

177 Madison Avenue, P.O. Box 1930, Morristown, NJ 07962-1930, U.S.A.  
Telephone: 1-973-898-9816  
Facsimile: 1-973-539-2483

### Taiwan

4F-2, No. 128, Section 3, Min Sheng East Road, Taipei 10596, Taiwan, R.O.C.  
Telephone: 886-2-2715-1015  
Facsimile: 886-2-2715-1628



## 2013 Results and 2014 Forecast

The U.S. economy continues on a slow growth path. Real GDP grew 1.9% in 2013 but decreased at an annualized rate of 2.9% in the first quarter of 2014. The U.S. stock market continues its upward climb. The U.S. unemployment rate has improved to 6.3% in May 2014; although the measurement of under employment remains high at 12.2%. The twelve month change in the Consumer Price Index (for all items including food and energy) was 2.1% as of May 2014.

A.M. Best Co. estimates that net written premium for the U.S. property and casualty industry increased 4.7% in 2013, the fourth consecutive year of growth for the industry. Policyholders' surplus increased 10.9% during 2013: 16.8% was from net income plus unrealized capital gains and other changes, offset by 0.1% from withdrawn capital plus 5.8% from stockholder dividends. Net investment yield was 3.2% and the combined ratio was 96.2%. Current accident year catastrophe losses contributed 3.9 points to the combined ratio, about 2.5 points less than the previous five year average. After adjusting for favorable loss development from prior years, the 2013 accident year combined ratio was 99.2%.

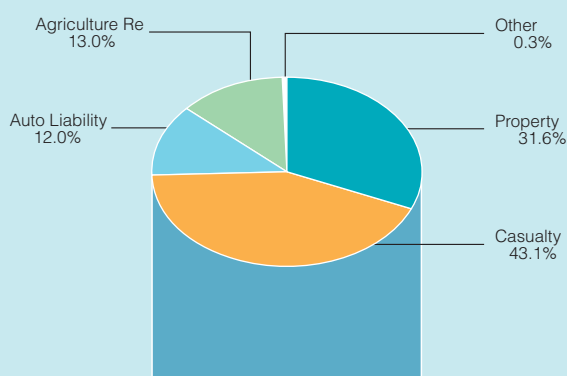
Non-life reinsurance renewal activity in North America became very competitive with the January 1, 2014 renewals because of abundant reinsurance capacity and the formation of several new specialty reinsurers. In January, Standard & Poor's indicated a negative outlook for the global reinsurance industry and A.M. Best expects to re-evaluate its stable outlook for the global reinsurance industry after the mid-year renewal season.

Toa Re America's 2013 gross premiums written increased 2.0% over 2012, with growth recorded for all major lines. Toa Re America had a GAAP combined ratio of 90.5% for 2013. The combined ratio excluding the impact of foreign exchange was 93.1%. Property catastrophe activity contributed 2.8 points to the combined ratio. U.S. GAAP net income was \$71.1 million and net cash flow from operations was \$88.0 million for 2013. For the year, the market value of Toa Re America's cash and invested assets increased by \$83.5 million or 5.4%. Toa Re America's fixed income portfolio (77.8% of invested assets) had an overall gross return of negative 0.97% while equities had a positive 37.28% return for 2013. Shareholders' equity increased \$57.6 million (8.8%) to \$714.4 million during 2013, primarily from net income, unrealized equity gains and foreign exchange gains offset by a \$10.0 million dividend paid to Toa Re (Japan) in March, 2013.

Toa Re America's strategic focus on regional and specialty clients insulates the Company somewhat from the intense competition in the North American reinsurance market. Conservative risk management will continue to limit the Company's exposure to natural catastrophes thereby reducing the volatility of underwriting results.

Toa Re America's forecast for 2014 anticipates that underwriting remains profitable, although premium revenue from all segments will decrease because of competitive conditions. The Toa Re America team has built an exceptional franchise in North America and is firmly positioned to offer significant and stable capacity and mutually beneficial reinsurance solutions to our clients.

## Gross Premiums by Class



## Financial Highlights

Years ended 31st December	U.S. GAAP Thousands of U.S. dollars		
	2013	2012	Percentage Change
<b>Summary of Operations</b>			
Gross Premiums Written	\$ 480,802	\$ 471,178	2.0%
Net Premiums Written	403,087	391,273	3.0
Pre-Tax Net Income	104,410	50,058	108.6
After-Tax Net Income	71,094	36,198	96.4
<b>Balance Sheets</b>			
Total Assets	1,901,262	1,828,921	4.0
Total Liabilities	1,186,877	1,172,115	1.3
Total Stockholders' Equity	714,385	656,806	8.8
<b>Cash Flows</b>			
Net Cash from Operations	87,963	62,761	40.2

## Basic Policies on Establishment of Internal Control Systems

The Company shall establish systems to ensure appropriateness of the Company's operations (internal control systems), as described below, in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act.

### 1. Systems for ensuring compliance of execution of duties by directors and employees with laws and regulations and the Company's Articles of Incorporation

- (1) The board of directors shall establish basic compliance policies, action guidelines and compliance rules as the basis for systems ensuring legal compliance in accordance with Toa Re's mission of "Providing Peace of Mind."
- (2) The Company shall establish the Compliance Committee chaired by the president and composed of committee members, including an external lawyer. In addition, the Company shall appoint department managers as compliance officers and establish the Compliance Steering Committee composed of such officers. The Compliance Committee shall be responsible for corporate-wide promotion of compliance and formulation of measures for ensuring effectiveness of compliance systems, and the Compliance Steering Committee shall be responsible for promotion and implementation of compliance.
- (3) The Company shall establish the Internal Audit Department independent of organizations subject to internal audit and shall establish the Compliance Department as an organization responsible for supervising compliance.
- (4) In the event that an officer or an employee detects inappropriate conduct, he/she shall follow the prescribed reporting procedures in accordance with the compliance rules. Moreover, the Company shall establish an internal contact within the Compliance Department for facilitation of prevention and detection of inappropriate conduct in house and consultation regarding laws and regulations. Furthermore, the Company shall establish an internal whistleblower system to enable direct report by employees to the Compliance Committee. The Compliance Department shall investigate the details of any report, formulate measures to prevent recurrence in cooperation with the relevant department, and report to the Compliance Committee. The Compliance Committee shall instruct improvements to the relevant department (s) based on the details of the report by the Compliance Department.
- (5) The board of directors shall formulate a compliance program, which is an annual action program concerning compliance, and compliance education and other compliance activities shall be executed in accordance with such program.
- (6) In the event that any breach of laws and regulations and/or the Articles of Incorporation, significant unjustifiable conduct, or any matter that may cause significant damage to the Company is detected concerning the Company's operations, directors, the accounting auditor, and the chief audit executive shall report such fact to the Audit & Supervisory Board Members.

When a Audit & Supervisory Board Member receives a report of such fact or detects such fact by himself/herself, he/she shall report to the Audit & Supervisory Board, and, based on discussion, report to the board of directors or provide proposals, advice or recommendations to directors for remediation, as necessary.

- (7) The Company shall firmly and systematically deal with antisocial forces that are a threat to public order and security in cooperation with lawyers, law enforcement agencies, and other relevant institutions. The Company shall have no relationship, including any transaction, with any antisocial force and shall prevent any surreptitious deal therewith or provision of funds thereto.

### 2. Systems governing the storage and management of information relating to the execution of duties by directors

Information relating to the execution of duties by directors shall be, either in writing or in electromagnetic record, retained and stored in accordance with the document management rules determined by the board of directors. Directors and Audit & Supervisory Board Members shall have access to these documents whenever they so desire.

### 3. Rules and other systems governing management of risk of losses

- (1) The board of directors shall establish a basic policy and rules concerning integrated risk management in order to appropriately manage risk associated with business operation.
- (2) In accordance with the policy and rules mentioned in the preceding paragraph, the Company shall put in place a structure for implementation of appropriate risk management, including establishment of a department for integrated risk management and departments responsible for individual risk categories and determining of necessary procedures. The situation regarding risk and risk management shall be reported to the board of directors.
- (3) The Internal Audit Department shall formulate the internal audit plan in accordance with the internal audit charter and perform internal audits concerning the situation of risk management in each risk control department. An officer responsible for the Internal Audit Department shall report the results of internal audits to the executive management committee and to the board of directors.

#### **4. System for ensuring efficient execution of duties by directors**

- (1) As the basis for the system for ensuring efficient execution of duties by directors, meetings of the board of directors shall be held periodically in accordance with the Regulations of the Board of Directors and, as necessary, extraordinarily.
- (2) Significant matters concerning management policies and management strategies shall be discussed in advance at the executive management committee, which meets periodically in accordance with the executive management committee rules, and a decision on such matters shall be made by the board of directors, reflecting the deliberation at the executive management committee.
- (3) Regarding execution in accordance with the resolution of the board of directors, the job description rules and the authority rules shall specify officers responsible for execution and their responsibilities.
- (4) A corporate business plan to be shared by directors and employees shall be formulated in accordance with the above-mentioned decision-making structure, and the plan shall be thoroughly communicated to all officers and employees by means of internal management meetings held semiannually, etc.
- (5) The board of directors shall periodically review the results of each department's activities for achievement of targets in accordance with the corporate business plan and establish a system that contributes to enhancement of operating efficiency throughout the Company by promoting continuous improvement, including utilization of IT contributing to enhancement of operating efficiency, and removal or reduction of factors impeding efficiency enhancement.

#### **5. Systems for ensuring the appropriateness of operations throughout the Group (consisting of the Company and its subsidiaries)**

- (1) Officers responsible for business segments of the Group shall be appointed, who will have authority and responsibility for establishing systems for ensuring the appropriateness of operations, including the compliance structure. Such officers shall report to the board of directors periodically concerning the situation regarding operation of each segment and the status of risk management.
- (2) A system for cooperation within the Group shall be established, including holding of a management meeting periodically, which is to be attended by officers of the Company and its subsidiaries, and discussion of internal control and information sharing shall be promoted within the Group.
- (3) The relevant organizations at the head office shall execute ongoing management concerning appropriateness of operations at subsidiaries, and the Internal Audit Department shall perform internal audits in accordance with the internal audit charter.

#### **6. Systems concerning employees who provide assistance to Audit & Supervisory Board Members**

No employee (s) shall be appointed to provide assistance to Audit & Supervisory Board Members. However, if Audit & Supervisory Board Members consider that they require assistants in order to perform effective audits, directors shall discuss with Audit & Supervisory Board Members and implement a system as necessary.

#### **7. Systems concerning independence of the aforesaid employees from directors**

The Company has no provision concerning independence of such assistants from directors, as such assistants have not been appointed. In the event that such assistants were to be appointed in the future, systems for securing their independence from directors shall be established.

#### **8. Systems for reporting to Audit & Supervisory Board Members applicable to directors and employees and other reporting to Audit & Supervisory Board Members**

- (1) In the event that any breach of laws or regulations and/or the Articles of Incorporation, significant unjustifiable conduct, or any matter that may cause significant damage to the Company is detected concerning the Company's operations, directors shall report such fact to the Audit & Supervisory Board.
- (2) Audit & Supervisory Board Members shall have access to major managerial decision documents, reports and other significant documents concerning execution of operations and shall have the right to request directors or other personnel to provide a report and/or explanation, as necessary.
- (3) Operating departments shall refer managerial decision documents and reports to Audit & Supervisory Board Members in accordance with the document control rules.
- (4) The Internal Audit Department shall refer the internal audit plan, reports on the results of internal audits, and other documentation to Audit & Supervisory Board Members in accordance with the internal audit charter.

#### **9. Other systems for ensuring effective implementation of audits by Audit & Supervisory Board Members**

Opportunities shall be secured for Audit & Supervisory Board Members to exchange views as necessary and respectively with the representative directors, the accounting auditor, the Internal Audit Department, and subsidiaries' Audit & Supervisory Board Members, for efficient conduct of audits by Audit & Supervisory Board Members.

# Corporate Governance Structure

To ensure swift decision-making and risk management in response to the fast-evolving business environment, the Company implements the corporate governance described below.

## 1. Management structure and outside officers

The Company employs a Audit & Supervisory Board Member system and at present has ten directors, of whom three are “outside directors” as defined in Article 2 Paragraph 15 of the Companies Act, and four Audit & Supervisory Board Members, of whom two are “outside auditors” as defined in Article 2 Paragraph 16 of the Companies Act.

## 2. Structures for execution and supervision

The Company holds a meeting of the board of directors once every month as a rule, and an extraordinary meeting of the board of directors, whenever necessary. At a meeting of the board of directors significant matters are reported and resolutions are made on such matters. Audit & Supervisory Board Members attend each meeting of the board of directors, too. This enables Audit & Supervisory Board Members to continually monitor the performance of directors’ concerning execution.

Chief actuaries appointed by the board of directors are involved in actuarial matters, and submit written opinions to the board of directors in each fiscal term, verifying matters specified in the Insurance Business Law.

The Audit & Supervisory Board meets once every month as a rule, and additionally whenever necessary. At meetings of the Audit & Supervisory Board significant matters concerning audits reported by the auditors are discussed and resolutions are made on such matters.

## 3. Internal audit structure

With regard to internal audits, the Internal Audit Department performs internal audits under the authorization of the board of directors and reports the results of internal audits periodically to the board of directors and other relevant organizations. The Internal Audit Department provides recommendations and, based on the results of internal audits, makes proposals to audited organizations. The progress of improvement is monitored, as necessary, with the aim of ensuring an effective internal audit structure.

## 4. Cooperation between Audit & Supervisory Board Members and the Internal Audit Department

Audit & Supervisory Board Members and the Internal Audit Department exchange information on the situation regarding each audit.

## 5. Compliance structure

The Company has established the Compliance Committee, which consists of four members, including the president who chairs the committee and an external lawyer, in addition the Compliance Steering Committee, which is composed of department managers. Based on the compliance program drawn up by the board of directors for each fiscal year, the Company is enhancing the corporate-wide compliance structure.

The Company has set up and run an in-house help desk and an in-house whistle-blower system for the reporting of inappropriate conduct.

## 6. Risk management structure

Using quantitative and qualitative approaches, the company executes integrated risk management by classifying risks to be managed and by specifying the departments in charge in accordance with the risk management policy and risk management rules established by the board of directors.

The board of directors deliberates and makes decisions on material matters concerning risk management and receives reports from risk management departments periodically and, additionally, whenever necessary concerning the situation regarding risk. Thus, systems and structures are put in place that enable the Company’s directors to grasp the situation regarding risk throughout the Company.

The Company continues to upgrade its risk management structure in response to changes in the business environment and the situation regarding risk.

## 7. Involvement of third parties (lawyers, accounting auditors, etc.)

The Company consults external lawyers concerning significant legal matters and compliance issues whenever necessary. Also, the Company consults the accounting auditors about significant accounting issues, in addition to the usual accounting audits, whenever necessary.

# Risk Management Structure

## Risk Management Policy

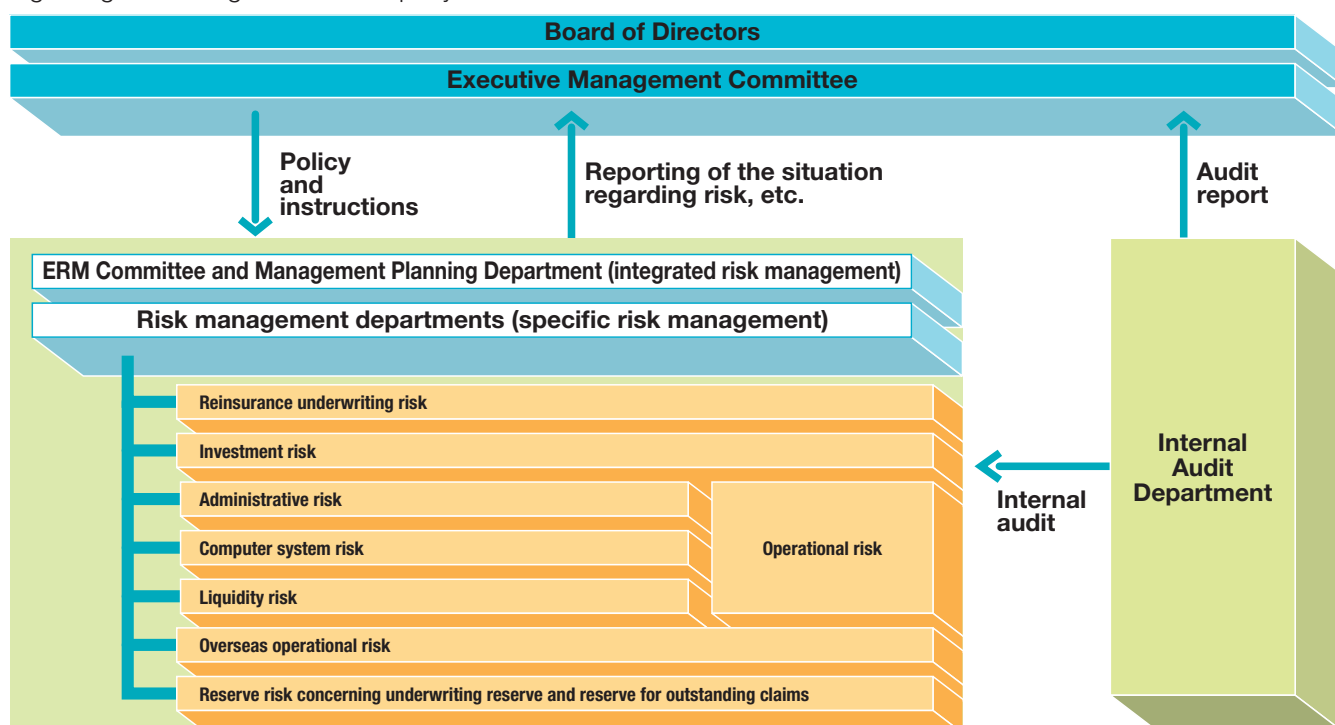
In line with the changes reshaping the business environment, Toa Re has exposure to increasingly complex and diverse risks. Positioning risk management as a critically important task for management, the Company has put in place the policy and rules concerning risk management established by the board of directors. Based on such policy and rules, we select, clarify, and assess risks and control them in an appropriate manner with the objective of enhancing financial soundness and profitability. Prompted by the recognition that risk management is a key to enhancing enterprise value, we are continually upgrading our risk management.

## Major Risks and Their Management

In accordance with the risk management policy established by the board of directors, the board of directors has also established rules on enterprise risk management (ERM), which is a process involving the continuous enhancement of corporate value, and individual risk management rules. Moreover, the board of directors deliberates and makes decisions on material matters concerning risk management and receives reports from risk management departments periodically and, additionally, whenever necessary on the situation regarding risk. Thus, systems and structures are put in place that enable the Company's directors to grasp the situation regarding risk throughout the Company.

Risks are classified into reinsurance underwriting risk, investment risk, operational risk, overseas operational risk, and reserve risk concerning underwriting reserve and reserve for outstanding claims. Each of these risks is handled by a specific risk management department in order to respond to them. Each department in charge manages specific risks in accordance with the risk management rules and manuals. The ERM Committee and the Management Planning Department execute corporate-wide control and work to upgrade the structure.

In addition to quantitative assessment and management of major risks, the Company measures the integrated risk amount of reinsurance underwriting risk, investment risk, etc., using a stochastic approach for risk-amount monitoring and risk-return assessment. Moreover, based on scenarios, such as the occurrence of a major earthquake or a great decline in the stock market, that would have significant impacts on operations of a reinsurance company, the Company assesses and analyzes by means of stress tests the extent and the degree of impact on the Company of such risks that exceed any normal projection and utilizes the results of the tests for verification of capital adequacy.



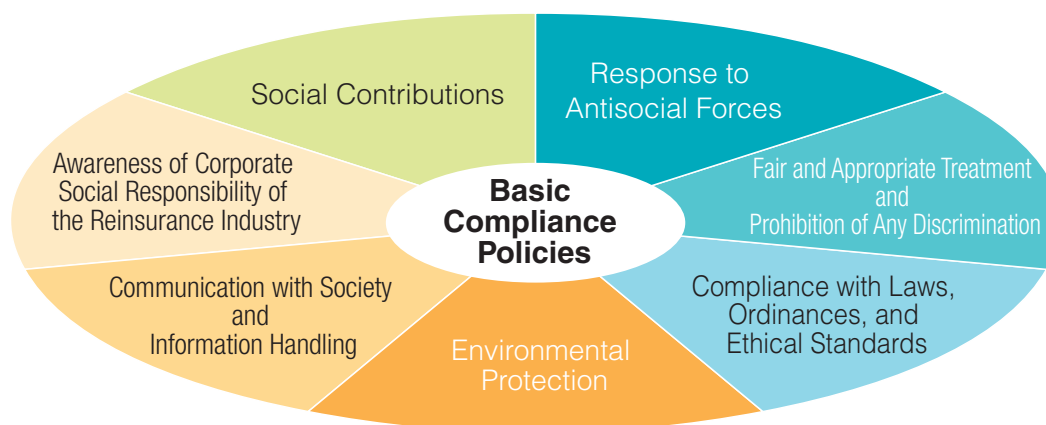
# Compliance Structure

## Basic Compliance Policies and Compliance Structure

In the non-life insurance industry, which is an important element of public infrastructure, companies are required to comply with laws and regulations and demonstrate high ethical standards in every aspect of their professional conduct. The business of Toa Re, the only full-line specialty reinsurance company headquartered in Japan, is based on globally accepted, free and fair business practices, and moreover, on strict compliance with the laws and regulations and the high ethical standards that constitute the essential foundation for those practices. Our company has never received any administrative order.

## 1. Basic Compliance Policies and Code of Conduct

Toa Re has established the Basic Compliance Policies, which articulate the Company's mission expressed by its motto "Providing Peace of Mind," and the Code of Conduct to ensure that the policies are put into practice.



## 2. Compliance Structure

(1) History of Toa Re's promotion of compliance

AUG. 2000 The Basic Compliance Policies is established.

SEP. 2000 The Compliance Department is established.

APR. 2001 Code of Conduct, the Compliance Program and the Rules of Compliance are established. The Compliance Manual is formulated and distributed to all officers and employees.

AUG. 2002 The Compliance Manual for the three overseas branches is formulated.

APR. 2003 The Information Security Policy is established.

MAR. 2004 The Compliance Handbook is prepared and distributed to all officers and employees.

APR. 2005 The Privacy Policy and the Personal Information Handling Rules are established.

MAR. 2009 The Rules concerning the Act on Prevention of Transfer of Criminal Proceeds are established.

JUN. 2009 The Conflict of Interest Management Policy and the Conflict of Interest Management Rules are established. The Basic Policy for the Anti-Social Forces is established.

APR. 2011 The Compliance Manual is published on the intranet.

JUN. 2012 The Handling of Anti-social Forces Rules is established.

(2) Compliance Structure and Activities

The Company has constituted the Compliance Committee, which is chaired by the president and composed of committee members and an external lawyer. In addition, the Company established the Compliance Steering Committee comprising department managers who are appointed as compliance officers. Each department assigns a person to serve as a compliance supervisor.

Each fiscal year, the Board of Directors establishes the Compliance Program, a concrete compliance implementation plan, and on the basis of the program the Company conducts education and training and engages in other compliance activities.

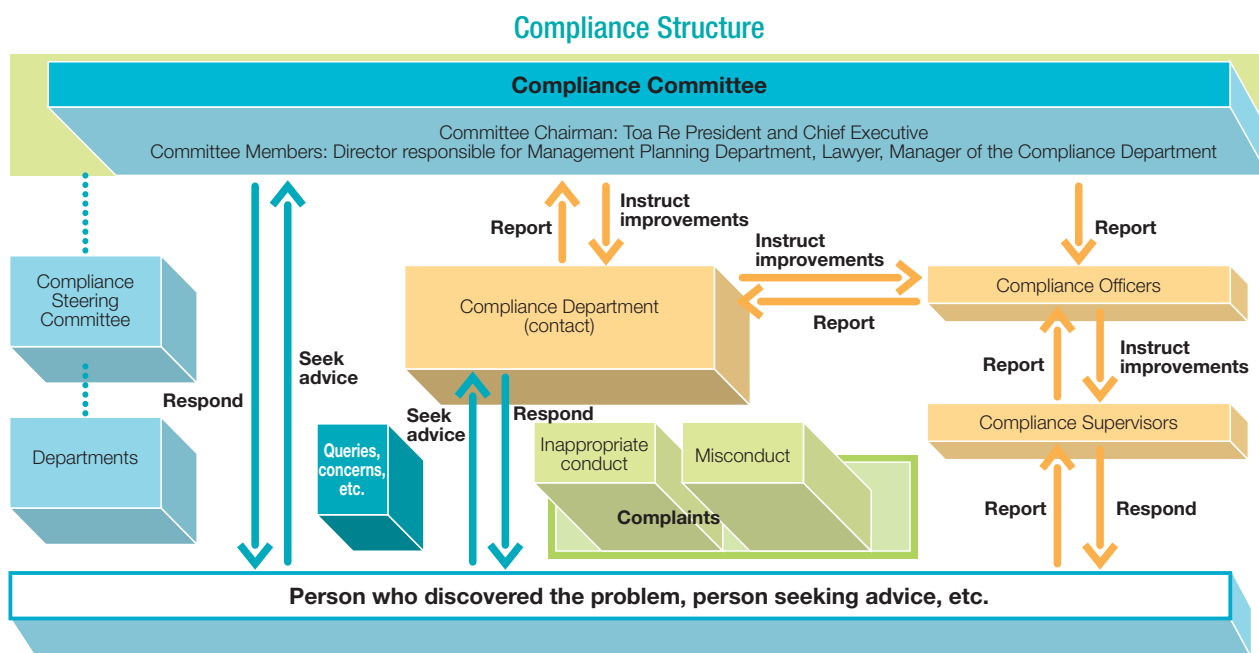
Having also established compliance committees and assigned compliance managers at overseas branches in April 2011, the Company is striving to strengthen compliance throughout the Group.

(3) In-house Help Desk

The Company has set up an in-house help desk within the Compliance Department to ensure the prevention and detection of dishonest activities and inappropriate behavior and to promote compliance and has introduced the Compliance Hotline to make it easy for employees to seek consultation and advice.

(4) Whistle-blower System

The Company has put in place an internal whistle-blower system as a mechanism for employees to alert the Compliance Committee to inappropriate behavior or dishonest activities committed by employees of Toa Re and to scandals within the Company as well as to accept complaints from inside and outside the Company, has devised measures to rapidly correct problems, and put in place a system for reporting to the Financial Services Agency.



## Inspection and Audit Structure

Toa Re is required to undergo inspection by the Inspection Bureau of the Financial Services Agency pursuant to the Insurance Business Law. The Company is also required to receive accounting audits by independent auditors. There are two types of in-house audits: audits defined by the Companies Act conducted by Audit & Supervisory Board Members and internal audits conducted by the Internal Audit Department in accordance with the internal rules.



# Declaration of Protection of Personal Data

## Compliance with the Act for Protection of Personal Data

The Company considers the management of information assets such as customer information, company information, and information systems to be an important management task.

Furthermore, attendant on the full-scale enforcement of the Act for Protection of Personal Data in April 2005 and in light of the importance of personal information protection,

to increase public trust in the non-life insurance industry the Company has established the Privacy Policy presented below in accordance with the fundamental requirement of complying with the Act for Protection of Personal Data and other relevant laws, ordinances, and guidelines. The Company has also put in place internal regulations, including the Personal Information Handling Regulations, and is working to ensure the proper use and secure management of personal information.

## Privacy Policy

### The Toa Reinsurance Company's Handling of Personal Information

In light of the importance of protecting private information and to increase public trust in the non-life insurance industry, we, Toa Re, shall comply with the Act for Protection of Personal Data and other relevant laws, ordinance, and guidelines, strive to ensure that personal information obtained from other insurance companies and other sources is properly used and managed, maintain the accuracy and confidentiality of personal information, and implement appropriate measures for the secure management of personal information.

The Company will conduct education and training for its employees so as to ensure that personal information is handled properly. The Company will also continuously work to improve the handling of personal information by, from time to time, reviewing and improving the handling of personal information, and implement appropriate measures to ensure that personal information is securely handled.

#### 1. Acquisition of Personal Information

The Company collects personal information through individuals' contract data, accounts, schedules and other documentation provided by other insurance companies in a lawful and proper manner to the extent necessary for the conduct of business.

#### 2. Purposes of Use of Personal Information

The Company receives personal information from other insurance companies to the extent necessary for the purposes of use described below in order to contribute to the management stability and the expansion of the scope of underwriting of other insurance companies through reinsurance. The Company may modify a purpose of use described below only to the extent reasonably deemed to have significant relevance to the original purpose of use. In such cases, the Company will officially announce the details of the modification on its website or by other means. The Company will not use personal information for any other purpose.

- Reinsurance contract underwriting examinations
- The execution of reinsurance contracts or the provision of incidental services
- Payment of reinsurance claims
- The maintenance or management of reinsurance contracts
- Other matters incidental to the Company's business

### **3. Items of Personal Information Collected**

The personal information collected is information necessary for the conclusion of reinsurance contracts or the payment of reinsurance claims.

### **4. Provision of Personal Information to Third Parties**

The Company shall not provide personal data it has collected to any third party except in accordance with laws or ordinances.

### **5. Outsourcing of Handling of Personal Data**

When outsourcing the handling of personal data to external institutions within the scope necessary for achievement of the purposes of use, the Company applies criteria for selection of institutions to which the handling is to be outsourced, checks in advance the personal information management systems of the institutions, and carries out necessary supervision of the institutions, including monitoring of the institutions' business execution after outsourcing of handling of personal data.

### **6. Handling of Credit Information**

The Company will not use information provided by any credit information organization (which means any organization that collects information regarding individuals' ability to repay debts and provides such information to the Company) regarding individuals' ability to repay debts for any purpose other than investigating the individuals' ability to repay debts.

### **7. Handling of Sensitive Information**

The Company will not collect, use, or provide to any third party any personal information regarding political views, faith (which means religion, philosophy, or creed), membership in a labor union, race or ethnicity, ancestry or domicile by birth, healthcare or sexual life, or criminal record.

### **8. Notification, Disclosure, Correction, or Cessation of Use of Personal Data in Accordance with the Act for Protection of Personal Data**

The Company responds appropriately and promptly when it receives requests for notification, disclosure, correction, or cessation of use of personal data.

### **9. Summary of Measures to Ensure the Secure Management of Personal Data**

The Company has established the Personal Information Handling Regulations and other rules to prevent any divulgence or loss of or damage to personal data handled by the Company and to ensure that personal data is otherwise securely managed and has implemented security measures, including the establishment of a structure for enforcing security management measures based on those rules and regulations. When handling personal information, the Company always implements appropriate measures to ensure personal information is accurate and current.

# Corporate Social Responsibility (CSR)

Positioning environmental protection and contribution to the community as essential elements of the Mission Statement, We are striving to promote its Corporate Social Responsibility (CSR). In accordance with Forward 2014, our medium-term management plan launched in April 2012, with fulfillment of CSR as the foundation of our corporate vision, we are implementing various measures to realize this vision.

## Initiatives for Customers

Toa Re holds various reinsurance seminars and workshops in Japan and overseas to improve communication and share knowledge with our customers.

### *Seminar of Toa Elementary Program (STEP)*

Every year, Toa Re holds STEP, a seminar for junior staff working in direct non-life insurance companies in Japan (generally, with less than one year of experience). The STEP curriculum incorporates numerous case studies involving trainee participation and straightforward explanations of fundamental principles of reinsurance and practices. The seminar is appreciated by participating companies as valuable training of practical benefit in business.



STEP-2013 (June 2013)

### *Non-life Insurance and Reinsurance Seminars*

In October 2013, we held a reinsurance seminar for clients of Toa Re's branch in Kuala Lumpur on natural disaster risks and modelling, dispatching instructors from our head office for the seminar. In Asia, we intend to continue holding various seminars corresponding to local needs in order to deepen our fruitful relationships with clients and contribute to the sound development of the reinsurance industry in the region.



## *Life Insurance and Reinsurance Seminars*

As one aspect of our services for clients in Japan and overseas, we hold various customized seminars designed to meet the needs of individual companies.

In fiscal 2013, we held seminars on such themes as medical underwriting, financial underwriting, and overseas insurance markets. These seminars received a positive response from our clients.

We intend to continue holding such seminars and making presentations in order to offer clients insights and information on life insurance and reinsurance, which will help them accomplish their objectives, while also contributing to the development of the market.

## *STEP LIFE*

Every year, we hold STEP LIFE, a training program on medical underwriting for employees of direct life insurance companies in Japan who are engaged in underwriting. In fiscal 2013, we held this two-day program once in August and once in September, including a lecture on risk selection by the medical director and a case study of underwriting practices.

We consider it important to offer expertise on medical underwriting to our clients, not only as a customer service but also as an initiative that will raise the level of underwriting in Japan. We intend to continue to offer STEP LIFE while progressively enriching its content.



**STEP LIFE-2013 (August 2013)**

## *Reinsurance Seminar of Toa (RST)*

The objective of Reinsurance Seminar of Toa (RST) is to deepen the relationships with clients by enhancing mutual understanding. Toa Re invites major clients, mostly from Asian countries, and presents lectures on Japan's insurance market, while also providing opportunities to experience Japanese culture and to get to know Toa Re.

In addition to lectures on insurance products in Japan and reinsurance of risks, the non-life program included presentations on non-life insurance markets and risk assessment methods, reflecting the needs of participants.

The life program consisted of lectures offering an overview of the life insurance market, medical

underwriting practices, comparison of the incidence of cancer in countries in Asia, development of less-selective insurance products, and risk management.

These programs were highly appreciated by the participants because of the quality of the expertise offered.



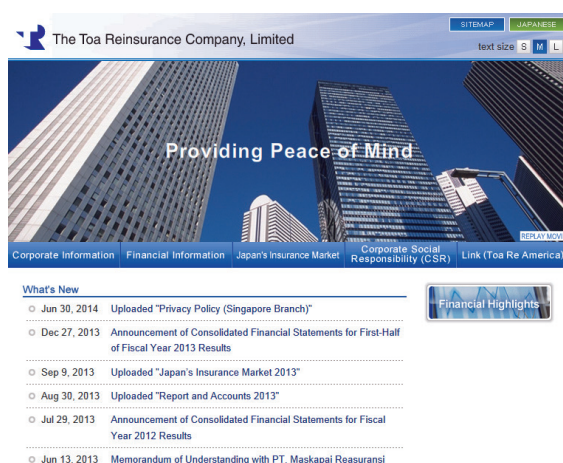
**RST-2013 (August 2013)**

## Initiatives for Shareholders

Toa Re continues to build a stable management-base as a strategic objective. A major part of this effort focuses on reinforcing the solid relationships we have with our shareholders.

We are stepping up our investor relations activities. For example, we meet with our shareholders after our Ordinary General Meeting of Shareholders to report on the closing of our financial accounts. Furthermore, we make every effort to respond quickly to inquiries from our shareholders. In this way, we hope to build on the long-term relationships of trust we enjoy with our shareholders. (The latest Consolidated Financial Statements are available on our corporate website. <http://www.toare.co.jp/english/index.htm>)

### WEB SITE <http://www.toare.co.jp/english/index.htm>



### REPORT AND ACCOUNTS



## Initiatives for Employees

It is our belief that a strong framework encourages employees both in their work and in achieving their personal self-development goals. We have in place performance appraisal and salary systems which provide a fair evaluation of employees' abilities and performance.

To help employees achieve a healthy work-life balance, we have introduced child and nursing care leave systems together with shorter working hours for employees with young children. We aim to create a workplace environment where employees are encouraged to make full use of these systems. We also provide welfare programs and various other programs for our employees.

Toa Re's greatest asset is its human resources. The personal growth of our employees underpins our ability as a reinsurance service provider to enhance the value of the products and services that we provide to customers and for the benefit all our stakeholders.

We strive to develop employees who are not only equipped with professional expertise but also with a sense of humanity and responsibility. Our employees are committed to making use of their experiences and knowledge for the benefit of society and customers. Toa Re puts in place various systems to foster excellent human resources while striving to cultivate a vigorous corporate culture that encourages employees to embrace challenges.

## Environmental Protection and Social Contribution Activities

Our environmental protection activities are focused on the mitigation of global warming, an issue with profound implications for the insurance business.

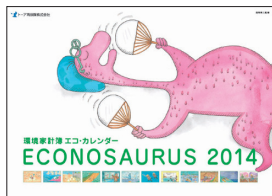
We also engage in social contribution activities to support the realization and continuation of "peace of mind" and development of communities and society in Japan and around the world as a good corporate citizen.

Hereafter, we continue to improve such activities to contribute to lower environmental burden for preservation our environment. Toa Re also facilitates employees to understand and to get interested in social contribution activities.

## ECONOSAURUS 2014 Eco-Calendar

To raise the environmental awareness of as many people as possible, we distribute the Eco-Calendar to children at public elementary schools in Chiyoda-ku, where Toa Re's head office is located, as well as to our customers.

The ECONOSAURUS Eco-Calendar is a fun way to learn about the environmental impact of activities of our daily lives. By keeping a record on the Eco-Calendar of the amounts of electricity, gas and water consumed, one can calculate the corresponding amounts of emissions of carbon dioxide, a substance said to lead to global warming. The Eco-Calendar shows the environmental friendliness of one's household based on self-assessment and encourages one to do better.



**ECONOSAURUS 2014**  
Eco-Calendar



## Lectures on Environmental Issues

To contribute to protection of the global environment, Toa Re and the Non-Life Insurance Institute of Japan have been jointly holding a series of lectures on environmental issues.

In fiscal 2013, Mr. Katsuo Matsushita, Advisor to The Geneva Association, gave a lecture on the impact of the rise in seawater temperature on climate change and the challenges it poses for the insurance industry.



**2013 Lecture (November 15, 2013)**  
Rising Seawater Temperature and Its Impact on the Insurance Industry

## Book Donations

Wishing to inspire children to take an informed interest in environmental issues, Toa Re donates books on environmental themes to the eight public elementary schools in Chiyoda Ward every year on Earth Day (April 22).



**Books donated on Earth Day 2014**

## Participation in TABLE FOR TWO

We participate in TABLE FOR TWO (TFT), a program simultaneously addressing issues concerning hunger in developing countries and obesity and lifestyle-related diseases in developed countries.

If TFT lunches are purchased at our cafeteria, by setting aside a certain amount as donation, a portion of the total amount will be used to provide school lunches for children in developing countries. Our donation in fiscal 2013 amounted to 71,500 yen.

## Vending Machines with Donation Function

Since September 2013, vending machines at Toa Re Head Office allow anyone purchasing a drink to be a part of our social contribution program through TABLE FOR TWO.

3% of sales from the vending machines with the donation function are donated and used for school lunches for children in developing countries.



# Review of Operations

The Toa Reinsurance Company, Limited, and Subsidiaries  
For the years ended 31st March 2014 and 2013

## Underwriting Income and Expenses

Underwriting income for the consolidated fiscal year increased ¥16,932 million year on year to ¥229,173 million, mainly owing to an increase in net premiums written. On the other hand, underwriting expenses for the consolidated fiscal year increased ¥18,232 million year on year to ¥224,009 million, mainly owing to provision for underwriting reserves, whereas a reversal of underwriting reserves was reported the previous year. As a result, underwriting income after deducting underwriting expenses amounted to ¥5,163 million for the year under review, a decrease of ¥1,299 million year on year.

## Investment Income and Expenses

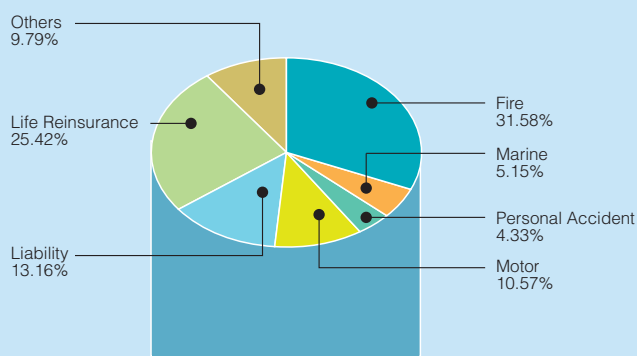
Investment income for the fiscal year under review decreased ¥4,371 million year on year to ¥17,243 million, mainly owing to a decrease in gains on sales of securities. On the other hand, investment expenses decreased ¥2,227 million year on year to ¥1,130 million, mainly owing to a decrease in losses on sales of securi-

ties. As a result, investment income after deducting investment expenses amounted to ¥16,113 million, a decrease of ¥2,143 million year on year. The return on investment (income yield) increased 0.40 percentage points to 2.77%.

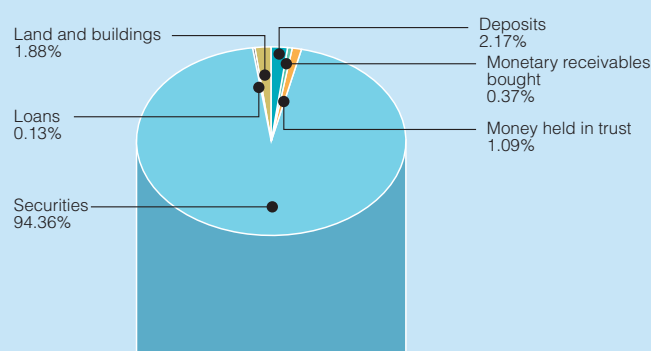
## Ordinary Profit

Ordinary profit or loss is calculated by deducting underwriting, investment, and operating and general administrative expenses and other ordinary expenses from underwriting, investment, and other ordinary income. For the consolidated fiscal year, ordinary profit amounted to ¥10,122 million, a decrease of ¥2,988 million year on year. After accounting for extraordinary income, extraordinary loss, and current and deferred income taxes, net income for the consolidated fiscal year amounted to ¥8,910 million, an increase of ¥1,313 million year on year.

### Net Premiums Written as of the end of March, 2014



### Invested Assets as of the end of March, 2014



# Consolidated Summary of Underwriting

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2014 and 2013

	Millions of yen		Thousands of U.S. dollars
	2014	2013	2014
<b>Fire</b>			
Net premiums written	¥ 63,374	¥ 54,523	\$ 615,759
Net claims paid	71,061	81,516	690,448
Net loss ratio	112.13%	149.51%	
<b>Marine</b>			
Net premiums written	10,337	9,225	100,437
Net claims paid	9,424	9,805	91,566
Net loss ratio	91.17%	106.29%	
<b>Personal Accident</b>			
Net premiums Written	8,695	6,381	84,483
Net claims Paid	7,693	3,033	74,747
Net loss ratio	88.48%	47.54%	
<b>Motor</b>			
Net premiums written	21,197	21,624	205,956
Net claims paid	13,850	15,939	134,570
Net loss ratio	65.34%	73.71%	
<b>Liability</b>			
Net premiums written	26,398	23,017	256,490
Net claims paid	11,566	10,608	112,378
Net loss ratio	43.82%	46.09%	
<b>Life Reinsurance</b>			
Net premiums written	51,009	39,073	495,617
Net claims paid	41,555	36,092	403,760
Net loss ratio	81.47%	92.37%	
<b>Others</b>			
Net premiums written	19,644	17,645	190,866
Net claims paid	12,382	11,207	120,307
Net loss ratio	63.03%	63.52%	
<b>Total</b>			
Net premiums written	¥200,655	¥171,489	\$1,949,621
Net claims paid	167,535	168,204	1,627,817
Net loss ratio	83.49%	98.08%	



# Consolidated Summary of Investments

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2014 and 2013

## • Invested Assets

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2014	2013	2014	2013	2014
Deposits	¥ 11,815	¥ 11,063	1.85%	1.85%	\$ 114,797
Monetary receivables bought	1,999	—	0.31	—	19,422
Money held in trust	5,918	4,674	0.92	0.78	57,500
Securities	513,472	478,058	80.16	79.90	4,989,040
Loans	699	1,199	0.11	0.20	6,791
Land and buildings	10,261	10,408	1.60	1.74	99,698
Total	544,167	505,403	84.95	84.47	5,287,281
Total assets	¥640,539	¥598,319	100.00%	100.00%	\$6,223,659

## • Securities

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2014	2013	2014	2013	2014
Government bonds	¥ 58,531	¥ 81,913	11.40%	17.14%	\$ 568,703
Municipal bonds	4,477	5,066	0.87	1.06	43,499
Corporate bonds	76,191	74,305	14.84	15.54	740,293
Stocks	71,641	64,884	13.95	13.57	696,084
Foreign securities	294,592	251,640	57.37	52.64	2,862,339
Other securities	8,039	248	1.57	0.05	78,109
Total	¥513,472	¥478,058	100.00%	100.00%	\$4,989,040

## • Interest and Dividend Income

	Millions of yen		Thousands of U.S. dollars	
	2014	2013	2014	2014
Cash in bank	¥ 16	¥ 16	\$ 155	
Monetary receivables bought	0	1	0	
Money held in trust	29	41	281	
Securities	12,107	10,112	117,635	
Loans	20	22	194	
Land and buildings	67	63	650	
Subtotal	12,241	10,258	118,937	
Others	165	132	1,603	
Total	¥12,407	¥10,390	\$120,549	

## • Overseas Investment

	Millions of yen		Percentage of total		Thousands of U.S. dollars
	2014	2013	2014	2013	2014
Foreign currency					
Foreign bonds	¥238,277	¥214,147	78.61%	83.01%	\$2,315,167
Foreign stocks	27,869	18,827	9.19	7.30	270,783
Others	23,065	15,994	7.61	6.20	224,106
Subtotal	289,213	248,969	95.41	96.51	2,810,075
Yen					
Nonresident loans	100	100	0.03	0.04	971
Foreign bonds	10,116	5,960	3.34	2.31	98,289
Others	3,701	2,947	1.22	1.14	35,959
Subtotal	13,917	9,007	4.59	3.49	135,221
Total	¥303,130	¥257,977	100.00%	100.00%	\$2,945,297

# Consolidated Financial Statements

## Consolidated Balance Sheets

The Toa Reinsurance Company, Limited and Subsidiaries  
As of 31st March 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>• ASSETS</b>			
Cash and deposits	¥ 11,815	¥ 11,063	\$ 114,797
Monetary receivables bought	1,999	—	19,422
Money held in trust	5,918	4,674	57,500
Securities (Notes 5 (2) and (4))	513,472	478,058	4,989,040
Loans (Note 5 (3))	699	1,199	6,791
Tangible fixed assets (Note 5 (1))			
Land	6,724	6,686	65,332
Buildings	3,536	3,721	34,356
Leased assets	167	110	1,622
Other tangible fixed assets	145	135	1,408
	10,575	10,654	102,749
Intangible fixed assets			
Other intangible fixed assets	1	1	9
	1	1	9
Other assets			
Foreign reinsurance accounts receivable	36,646	35,196	356,062
Rest of the other assets	18,585	17,976	180,577
	55,232	53,173	536,649
Deferred tax assets	40,914	39,860	397,532
Less: Allowance for doubtful accounts	(89)	(365)	(864)
Total assets	¥640,539	¥598,319	\$6,223,659

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>• LIABILITIES AND NET ASSETS</b>			
<b>Liabilities</b>			
Underwriting funds			
Outstanding claims	¥228,704	¥240,288	\$2,222,153
Underwriting reserves	182,390	161,283	1,772,153
	411,095	401,571	3,994,315
Corporate bonds	30,000	30,000	291,488
Other liabilities	25,376	28,751	246,560
Accrued retirement benefits for employees	—	4,824	—
Net defined benefit liabilities	5,568	—	54,100
Accrued retirement benefits for directors	132	399	1,282
Reserve under the special law			
Reserve for price fluctuation	7,795	7,568	75,738
	7,795	7,568	75,738
Deferred tax liabilities	281	150	2,730
Total liabilities	¥480,250	¥473,266	\$4,666,245
<b>Net assets</b>			
Shareholders' equity			
Capital stock	¥ 5,000	¥ 5,000	\$ 48,581
Capital surplus	0	0	0
Retained earnings	103,293	95,020	1,003,624
Treasury stock	(4,961)	(5,599)	(48,202)
	103,332	94,421	1,004,003
Accumulated other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	55,049	46,738	534,871
Net foreign currency translation adjustments	2,289	(16,106)	22,240
Remeasurements of defined benefit plans	(382)	—	(3,711)
	56,957	30,631	553,410
Total net assets	¥160,289	¥125,052	\$1,557,413
Total liabilities and net assets	¥640,539	¥598,319	\$6,223,659

The accompanying notes are an integral part of the statements.

# Consolidated Statements of Income

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>Ordinary income and expenses:</b>			
Ordinary income			
Underwriting income			
Net premiums written	¥200,655	¥171,489	\$1,949,621
Investment income on deposit premiums	216	205	2,098
Reversal of outstanding claims	27,899	31,957	271,074
Reversal of underwriting reserves	—	7,431	—
Other underwriting income	402	1,156	3,905
	<b>229,173</b>	<b>212,240</b>	<b>2,226,710</b>
Investment income			
Interest and dividends income	12,378	10,349	120,268
Gain on money held in trust	247	484	2,399
Gain on sales of securities	4,618	9,971	44,869
Gain on redemption of securities	207	318	2,011
Other investment income	7	697	68
Transfer of investment income on deposit premiums	(216)	(205)	(2,098)
	<b>17,243</b>	<b>21,615</b>	<b>167,537</b>
Other ordinary income	403	208	3,915
	<b>246,820</b>	<b>234,064</b>	<b>2,398,173</b>
Ordinary expenses			
Underwriting expenses			
Net claims paid	167,535	168,204	1,627,817
Commissions and brokerage (Note 6 (1))	38,476	37,567	373,843
Provision for underwriting reserves	17,991	—	174,805
Other underwriting expenses	5	5	48
	<b>224,009</b>	<b>205,777</b>	<b>2,176,535</b>
Investment expenses			
Loss on money held in trust	—	67	—
Loss on sales of securities	731	2,420	7,102
Impairment losses on securities	62	721	602
Loss on redemption of securities	93	121	903
Loss on derivatives	93	2	903
Other investment expenses	149	25	1,447
	<b>1,130</b>	<b>3,357</b>	<b>10,979</b>
Operating and general administrative expenses (Note 6 (1))	9,931	10,160	96,492
Other ordinary expenses			
Interest expenses	1,602	1,601	15,565
Provision for allowance for doubtful accounts	—	42	—
Loss on bad debts	9	4	87
Other expenses	14	9	136
	<b>1,626</b>	<b>1,657</b>	<b>15,798</b>
	<b>236,697</b>	<b>220,953</b>	<b>2,299,815</b>
Ordinary profit	¥ 10,122	¥ 13,111	\$ 98,348

The accompanying notes are an integral part of the statements.

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>Extraordinary income and loss:</b>			
Extraordinary income			
Gain on disposal of fixed assets	¥ 0	¥ 0	\$ 0
	<u>0</u>	<u>0</u>	<u>0</u>
Extraordinary loss			
Loss on disposal of fixed assets	3	0	29
Provision for reserve under the special law			
Provision for reserve for price fluctuation	227	232	2,205
	<u>230</u>	<u>232</u>	<u>2,234</u>
<b>Income before income taxes</b>	<b>9,891</b>	<b>12,878</b>	<b>96,103</b>
<b>Income taxes:</b>			
Current	4,416	1,281	42,907
Deferred	(3,434)	3,999	(33,365)
	<u>981</u>	<u>5,281</u>	<u>9,531</u>
<b>Income before minority interests</b>	<b>8,910</b>	<b>7,597</b>	<b>86,572</b>
<b>Net income</b>	<b>¥ 8,910</b>	<b>¥ 7,597</b>	<b>\$ 86,572</b>

The accompanying notes are an integral part of the statements.

# Consolidated Statements of Comprehensive Income

The Toa Reinsurance Company, Limited and Subsidiaries  
For the year ended 31st March 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>Comprehensive income</b>			
<b>Income before minority interests</b>	<b>¥ 8,910</b>	¥ 7,597	<b>\$ 86,572</b>
Other comprehensive income			
Net unrealized gains on available-for-sale securities, net of tax	<b>8,311</b>	15,566	<b>80,752</b>
Net foreign currency translation adjustments	<b>18,396</b>	8,869	<b>178,740</b>
Total other comprehensive income (Note 7 (1))	<b>26,707</b>	24,436	<b>259,492</b>
	<b>¥35,617</b>	¥32,033	<b>\$346,064</b>
(Breakdown)			
Comprehensive income attributable to owners of the parent	<b>35,617</b>	32,033	<b>346,064</b>
Comprehensive income attributable to minority interests	—	—	—

The accompanying notes are an integral part of the statements.

# Consolidated Statements of Changes in Shareholders' Equity

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2014 and 2013

For the year ended 31st March 2014

	Millions of yen				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	<b>¥5,000</b>	<b>¥ 0</b>	<b>¥ 95,020</b>	<b>¥(5,599)</b>	<b>¥ 94,421</b>
Changes during the period					
Dividends from retained earnings			<b>(635)</b>		<b>(635)</b>
Net income for the period			<b>8,910</b>		<b>8,910</b>
Disposal of treasury stock		<b>(2)</b>		<b>638</b>	<b>636</b>
Transfer of loss on disposal of treasury stock		<b>2</b>	<b>(2)</b>		<b>—</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>—</b>	<b>8,272</b>	<b>638</b>	<b>8,910</b>
Balance at the end of the period	<b>¥5,000</b>	<b>¥ 0</b>	<b>¥103,293</b>	<b>¥(4,961)</b>	<b>¥103,332</b>
	Accumulated other comprehensive income				
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance at the beginning of the period	<b>¥46,738</b>	<b>¥(16,106)</b>	<b>¥ —</b>	<b>¥30,631</b>	<b>¥125,052</b>
Changes during the period					
Dividends from retained earnings					<b>(635)</b>
Net income for the period					<b>8,910</b>
Disposal of treasury stock					<b>636</b>
Transfer of loss on disposal of treasury stock					<b>—</b>
Net changes in items other than shareholders' equity	<b>8,311</b>	<b>18,396</b>	<b>(382)</b>	<b>26,325</b>	<b>26,325</b>
Total changes during the period	<b>8,311</b>	<b>18,396</b>	<b>(382)</b>	<b>26,325</b>	<b>35,236</b>
Balance at the end of the period	<b>¥55,049</b>	<b>¥ 2,289</b>	<b>¥(382)</b>	<b>¥56,957</b>	<b>¥160,289</b>

The accompanying notes are an integral part of the statements.

Thousands of U.S. dollars (Note 1(2))

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	<b>\$48,581</b>	<b>\$ 0</b>	<b>\$ 923,241</b>	<b>\$(54,401)</b>	<b>\$ 917,421</b>
Changes during the period					
Dividends from retained earnings			<b>(6,169)</b>		<b>(6,169)</b>
Net income for the period			<b>86,572</b>		<b>86,572</b>
Disposal of treasury stock		<b>(19)</b>		<b>6,198</b>	<b>6,179</b>
Transfer of loss on disposal of treasury stock		<b>19</b>	<b>(19)</b>		<b>—</b>
Net changes in items other than shareholders' equity					
Total changes during the period	<b>—</b>	<b>—</b>	<b>80,373</b>	<b>6,198</b>	<b>86,572</b>
Balance at the end of the period	<b>\$48,581</b>	<b>\$ 0</b>	<b>\$1,003,624</b>	<b>\$(48,202)</b>	<b>\$1,004,003</b>

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	<b>\$454,119</b>	<b>\$(156,490)</b>	<b>\$ —</b>	<b>\$297,619</b>	<b>\$1,215,040</b>
Changes during the period					
Dividends from retained earnings					<b>(6,169)</b>
Net income for the period					<b>86,572</b>
Disposal of treasury stock					<b>6,179</b>
Transfer of loss on disposal of treasury stock					<b>—</b>
Net changes in items other than shareholders' equity	<b>80,752</b>	<b>178,740</b>	<b>(3,711)</b>	<b>255,781</b>	<b>255,781</b>
Total changes during the period	<b>80,752</b>	<b>178,740</b>	<b>(3,711)</b>	<b>255,781</b>	<b>342,363</b>
Balance at the end of the period	<b>\$534,871</b>	<b>\$ 22,240</b>	<b>\$(3,711)</b>	<b>\$553,410</b>	<b>\$1,557,413</b>

The accompanying notes are an integral part of the statements.

For the year ended 31st March 2013

Millions of yen

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	¥5,000	¥ 0	¥88,065	¥(5,737)	¥87,327
Changes during the period					
Dividends from retained earnings			(633)		(633)
Net income for the period			7,597		7,597
Disposal of treasury stock		(7)		137	130
Transfer of loss on disposal of treasury stock		7	(7)		—
Net changes in items other than shareholders' equity					
Total changes during the period	—	—	6,955	137	7,093
Balance at the end of the period	¥5,000	¥ 0	¥95,020	¥(5,599)	¥94,421

	Accumulated other comprehensive income				Total net assets
	Net unrealized gains on available-for-sale securities, net of taxes	Net foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at the beginning of the period	¥31,171	¥(24,975)	¥—	¥ 6,195	¥ 93,523
Changes during the period					
Dividends from retained earnings					(633)
Net income for the period					7,597
Disposal of treasury stock					130
Transfer of loss on disposal of treasury stock					—
Net changes in items other than shareholders' equity	15,566	8,869	—	24,436	24,436
Total changes during the period	15,566	8,869	—	24,436	31,529
Balance at the end of the period	¥46,738	¥(16,106)	¥—	¥30,631	¥125,052

The accompanying notes are an integral part of the statements.



# Consolidated Statements of Cash Flows

The Toa Reinsurance Company, Limited and Subsidiaries  
For the years ended 31st March 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
<b>Cash flows from operating activities</b>			
Income before income taxes	¥ 9,891	¥ 12,878	\$ 96,103
Depreciation and amortization	343	345	3,332
Increase (decrease) in outstanding claims	(27,899)	(31,957)	(271,074)
Increase (decrease) in underwriting reserves	17,991	(7,431)	174,805
Increase (decrease) in allowance for doubtful accounts	(194)	42	(1,884)
Increase (decrease) in accrued retirement benefits for employees	—	963	—
Increase (decrease) in accrued retirement benefits for directors	(267)	(88)	(2,594)
Increase (decrease) in accrued bonuses for employees	(4)	(4)	(38)
Increase (decrease) in net defined benefit liabilities	(150)	—	(1,457)
Increase (decrease) in reserve for price fluctuation	227	232	2,205
Interest and dividends income	(12,378)	(10,349)	(120,268)
Loss (gain) on securities	(3,945)	(7,044)	(38,330)
Interest expenses	1,602	1,601	15,565
Foreign exchange loss (gain)	180	(534)	1,748
Loss (gain) on tangible fixed assets	3	0	29
Loss (gain) on money held in trust	(247)	(416)	(2,399)
Decrease (increase) in other assets (other than investing and financing activities)	2,946	(6,755)	28,624
Increase (decrease) in other liabilities (other than investing and financing activities)	(8,157)	4,185	(79,255)
Others, net	27	7	262
Subtotal	(20,029)	(44,324)	(194,607)
Interest and dividends received	13,937	11,653	135,415
Interest paid	(1,602)	(530)	(15,565)
Income taxes paid	(1,771)	(2,172)	(17,207)
Income taxes refund	169	869	1,642
Net cash provided by (used in) operating activities	(9,297)	(34,504)	(90,332)
<b>Cash flows from investing activities</b>			
Net decrease (increase) in deposits	(14)	(42)	(136)
Increase in money held in trust	(1,000)	—	(9,716)
Decrease in money held in trust	—	1,850	—
Purchases of securities	(122,305)	(256,039)	(1,188,350)
Proceeds from sales or redemption of securities	143,152	278,070	1,390,905
Loans made	(30)	(30)	(291)
Proceeds from collection of loans	530	29	5,149
Total of net cash provided by (used in) investment transactions	20,332	23,838	197,551
Total of net cash provided by (used in) operating activities and investment transactions	11,035	(10,666)	107,219
Purchase of tangible fixed assets	(76)	(50)	(738)
Proceeds from sales of tangible fixed assets	0	0	0
Net cash provided by (used in) investing activities	20,256	23,788	196,813
<b>Cash flows from financing activities</b>			
Dividends paid	(635)	(633)	(6,169)
Repayment for lease liabilities	(58)	(48)	(563)
Proceeds from disposal of treasury stock	636	130	6,179
Net cash provided by (used in) financing activities	(57)	(552)	(553)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,273</b>	<b>1,409</b>	<b>22,085</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,174</b>	<b>(9,859)</b>	<b>128,002</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,583</b>	<b>26,443</b>	<b>161,125</b>
<b>Cash and cash equivalents at the end of the period (Note 9 (1))</b>	<b>¥ 29,757</b>	<b>¥ 16,583</b>	<b>\$ 289,127</b>

The accompanying notes are an integral part of the statements.

# Notes to the Consolidated Financial Statements

## 1. Basis of Presenting the Consolidated Financial Statements

- (1) The accompanying consolidated financial statements of The Toa Reinsurance Company, Limited (the "Company") and its subsidiaries (collectively, the "Companies") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to both application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

The consolidated financial statements are not intended to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present them in a form that is more familiar to readers outside Japan.

- (2) Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥102.92 = US\$1, the rate of exchange on 31st March 2014, has been used in translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled in U.S. dollars at this rate or any other rate.
- (3) Fractional amounts of less than ¥1 million or \$1 thousand have been rounded down. Accordingly, the totals in yen and US dollars do not necessarily agree with the sum of the individual amounts.

## 2. Principal Matters for Preparation of Consolidated Financial Statements

- (1) Scope of Consolidation

### A. Consolidated Subsidiaries

Of the Company's subsidiaries, two subsidiaries are consolidated. The names of the consolidated subsidiaries are as follows:

- The Toa Reinsurance Co. of America
- The Toa 21st Century Reinsurance Co., Ltd.

### B. Non-consolidated Subsidiary

The other subsidiary is a small-scale operation, in terms of total assets, ordinary profit (loss), net income (loss) for the year and retained earnings, and is excluded from the scope of consolidation, due to its insignificant effect on the consolidated financial statements of the Company. The name of the non-consolidated subsidiary is as follows:

- Sundai Company, Limited.

- (2) Application of the Equity Method

The effect of the non-consolidated subsidiary on the net income (loss) for the year and the retained earnings is negligible and, accordingly, this company is not accounted for by the equity-method.

- (3) Fiscal Years of Consolidated Subsidiaries

The fiscal year ends of both consolidated subsidiaries are 31st December. Since the differences in the fiscal year ends do not exceed three months, financial statements as of the fiscal year end of each subsidiary are used in preparing the consolidated financial statements. As for significant transactions occurring between that date and the date of

the Company's fiscal year end, necessary adjustments are made upon consolidation.

- (4) Significant Accounting Policies

### A. Financial Instruments

- (a) Stocks of Non-consolidated Subsidiaries not Accounted for by the Equity-Method  
Stocks of non-consolidated subsidiaries not accounted for by the equity-method are recorded at cost determined by the moving-average method.

### (b) Securities

Available-for-sale securities with fair value are carried at fair value based on the prices prevailing in the market on the balance sheet date. Unrealized gains or losses, net of tax are included in a separate component of net assets. Cost of sales is calculated using cost determined by the moving-average method. Available-for-sale securities extremely difficult to measure fair value are recorded at cost or amortized cost determined by the moving-average method.

### (c) Money Held in Trust

Securities included in money held in trust are carried at fair value.

### (d) Derivatives

Derivatives are carried at fair value with changes in fair value.

### B. Depreciation Method for Fixed Assets

#### (a) Tangible Fixed Assets (Except for Leased Assets)

Depreciation of tangible fixed assets (except for leased assets) held by the Company is calculated by the declining balance method based on estimated useful lives.

However, the depreciation of buildings, except for their attached facilities, acquired on or subsequent to 1st April 1998, is calculated by the straight-line method.

Depreciation of property and equipment held by consolidated subsidiaries is calculated by the straight-line method.

#### (b) Leased Assets

Depreciation of leased assets held by the Company with regard to finance leases for which ownership does not transfer to the lessees is calculated by the straight-line method over a period up to the length of the relevant lease contracts with no residual value.

### C. Accounting Policies for Major Reserves

#### (a) Allowance for Doubtful Accounts

The Company books an allowance for doubtful accounts, in accordance with the standard for self-assessment of assets and rules for write-offs and provisions, as follows:

- (i) For debts of debtors who are legally bankrupt (due to bankruptcy, special liquidation or suspension of service at clearing houses, etc.) or virtually bankrupt, a reserve is provided based on the amount that remains after anticipated proceeds from the disposal of collateral and the recovery of debt through guarantees are deducted from the debt balances.

- (ii) For debts of debtors who are likely to become bankrupt, a reserve is provided based on the amount considered to be necessary to cover the amount that remains after anticipated proceeds from the disposal of collateral and the recovery of

debt through guarantees are deducted from the debt balances. This reserve amount is based on an overall judgment regarding the solvency status of each debtor.

- (iii) For debts other than those described above, a reserve is provided for an amount determined by multiplying debt balances by the default rate, which is computed based on historical loan loss experience in certain previous period.

All debts are assessed by each asset management department of the Company in accordance with the standard for asset self-assessment. The allowance for doubtful accounts mentioned above is computed based on the result of this assessment. These results are audited by the Internal Audit Department which is independent from each department.

- (b) **Accrued Retirement Benefits for Directors**  
Accrued retirement benefits for directors are provided on the basis of the estimated amounts to be paid, based on internally established rules.

- (c) **Reserve for Price Fluctuation**  
The Company books a reserve for price fluctuation in accordance with Article 115 of the Insurance Business Law to provide for contingent losses caused by price fluctuation on stocks and other investments.

#### D. Retirement Benefits

- (a) **Method of Attributing Expected Retirement Benefits to Periods**  
In calculating retirement benefit obligations, the method of attributing the expected retirement benefits to the period ended 31st March 2014 is based on the straight-line attribution method.
- (b) **Method for Amortizing Actuarial Differences And Prior Service Costs**  
The consolidated subsidiaries amortize prior service costs using the straight-line method over the average remaining service period of employees at the time of occurrence (9.2 years). The Company fully amortizes actuarial differences in the following fiscal year.

#### E. Hedge Accounting

With regard to forward foreign exchange contracts utilized to hedge future foreign exchange risk associated with financial assets and liabilities denominated in foreign currencies, the Company applies the allocation method. As the forward foreign exchange contract meets the required condition to apply the allocation method, the Company omits the hedge accounting effectiveness testing. The allocation method requires foreign currency assets and liabilities to be recorded using the corresponding foreign exchange contract rates.

#### F. Cash and Cash Equivalents

Cash and cash equivalents in the consolidated statements of cash flows comprise cash on hand, deposits able to be withdrawn on demand and short-term investments with original maturities of three months or less and which have minimal risk of fluctuation in value.

#### G. Other Significant Accounting Policies

**Consumption Tax Accounting Treatment**  
Consumption tax is accounted for separately from the

transactions subject to such tax. However, the consumption tax on certain expenses, such as operating and general administrative expenses, is included in those expenses. Non-deductible consumption tax on the purchase of assets is included in "Other assets" and amortized evenly over a period of five years.

### 3. Changes in Accounting Policies

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued on 17th May 2012, hereinafter the "Accounting Standard for Retirement Benefits") and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued on 17th May 2012, hereinafter the "Guidance on Retirement Benefits") have been applied from the end of the fiscal year ended 31st March 2014, except items stated in the main clause of paragraph 35 of the Accounting Standard for Retirement Benefits and in the main clause of paragraph 67 of the Guidance on Retirement Benefits. Under this application, plan assets are deducted from retirement benefit obligations and the net amount is recorded as net defined benefit liabilities, and unrecognized actuarial differences and prior service costs are recorded as net defined benefit liabilities.

The application of the Accounting Standard for Retirement Benefits and the Guidance on Retirement Benefits is subject to the transitional accounting treatment set forth in paragraph 37 of the Accounting Standard for Retirement Benefits, and an effect of the change is included in the remeasurements of defined benefit plans in accumulated other comprehensive income at the end of the fiscal year ended 31st March 2014.

As a result, net defined benefit liabilities is recorded with the amount of ¥5,568 million (\$54,100 thousand) and accumulated other comprehensive income is decreased by ¥382 million (\$3,711 thousand) at the end of the fiscal year ended 31st March 2014.

Additionally, the financial impact of this application on per share information is described in "Per Share Information".

### 4. Accounting Standards Issued But Not Yet Applied

"Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Statement No. 26, issued on 17th May 2012) and "Guidance on Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan Guidance No. 25, issued on 17th May 2012)

- (1) **Outline**  
Taking into improvements to financial reporting and international trends, revisions apply mainly to the accounting treatments for unrecognized actuarial differences as well as unrecognized prior service costs, the calculation methods for retirement benefit obligations as well as service costs and broadening disclosure.
- (2) **Scheduled Effective Date**  
The revisions to the calculation methods for retirement benefit obligations and service costs are scheduled to take effect from the fiscal year beginning 1st April 2014.
- (3) **The Impact of the Adoption of the Revised Accounting Standard and Guidance**  
The impact of the adoption of the revised accounting standard and guidance on consolidated financial statements is currently under evaluation.

## 5. Notes to the Consolidated Balance Sheets

- (1) The amounts of accumulated depreciation and advanced depreciation of tangible fixed assets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Accumulated depreciation	<b>¥8,584</b>	¥8,058	<b>\$83,404</b>
Advanced depreciation	<b>29</b>	29	<b>281</b>

- (2) The carrying amounts of equity investments in a non-consolidated subsidiary are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Securities	<b>¥10</b>	¥10	<b>\$97</b>

- (3) Impaired Loans

There is no balance of impaired loans, including loans to borrowers under bankruptcy proceedings, overdue loans, loans past due for three months or more and loans with altered lending conditions, as of 31st March 2014 and 2013.

The definitions of impaired loans are as follows:

- A. "Loans to borrowers under bankruptcy proceedings" are non-accrual loans (excluding loans written off) for which circumstances apply as stated in Article 96, paragraph 1, subparagraph 3 or Article 96, paragraph 1, subparagraph 4 of the Implementation Ordinances for the Corporation Tax Law (Government Ordinance No. 97, 1965) which have no prospects for recovery or repayment of principal or interest, or for which payment of principal or interest has not been received for a substantial period, or for other reasons.
- B. "Overdue loans" are those loans on which accrued interest income has not been recognized, excluding loans to borrowers under bankruptcy proceedings and excluding loans for which interest payments have been rescheduled with the objective of assisting these borrowers in management restructuring.
- C. "Loans past due for three months or more" are those loans for which payments of principal or interest has not been received for a period of three months or more, beginning with the next day following the last due date for such payments, and are not included in loans to borrowers under bankruptcy proceedings or non-accrual past due loans.
- D. "Loans with altered lending conditions" are those loans for which the Company has provided more favorable terms and conditions than those contained in the original loan agreement (including reducing interest rates, rescheduling interest and principal payments, or the waiving of claims on the borrowers) to the borrowers with the aim of providing restructuring assistance and support. Such loans exclude loans to borrowers under bankruptcy proceedings, non-accrual past due loans and loans past due for three months or more.

- (4) The carrying amounts of assets pledged as collateral are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Securities	<b>¥32,051</b>	¥25,957	<b>\$311,416</b>

These securities are pledged to deposit for overseas operations and to establish letters of credit.

## 6. Notes to the Consolidated Statements of Income

- (1) The significant components of business expenses are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Commissions, net of reinsurance	<b>¥38,476</b>	¥37,567	<b>\$373,843</b>

Business expenses are the total of "Operating and general administrative expenses" and "Commissions and brokerage" in the consolidated statements of income.

## 7. Notes to the Consolidated Statements of Comprehensive Income

- (1) Reclassification Adjustments and Income Tax Effects of Other Comprehensive Income

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Net unrealized gains (losses) on available-for-sale securities, net of tax:			
Gains (losses) arising during the period	<b>¥16,255</b>	¥29,659	<b>\$157,938</b>
Reclassification adjustments	<b>(3,945)</b>	(7,069)	<b>(38,330)</b>
Before income tax effect adjustments	<b>12,309</b>	22,590	<b>119,597</b>
Income tax effects	<b>(3,998)</b>	(7,024)	<b>(38,845)</b>
Net unrealized gains (losses) on available-for-sale securities, net of tax	<b>8,311</b>	15,566	<b>80,752</b>
Net foreign currency translation adjustments:			
Gains (losses) arising during the period	<b>¥17,764</b>	¥ 9,092	<b>\$172,600</b>
Reclassification adjustments	<b>159</b>	(160)	<b>1,544</b>
Before income tax effect adjustments	<b>17,923</b>	8,932	<b>174,144</b>
Income tax effects	<b>472</b>	(62)	<b>4,586</b>
Net foreign currency translation adjustments	<b>18,396</b>	8,869	<b>178,740</b>
Total other comprehensive income	<b>¥26,707</b>	¥24,436	<b>\$259,492</b>

## 8. Notes to the Consolidated Statements of Changes in Shareholders' Equity

For the year ended 31st March 2014

- (1) Detailed Information for Outstanding Shares and Treasury Stock

	(Thousand shares)			
	Number of shares as of 1st April 2013	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2014
Outstanding shares				
Common stock	100,000	—	—	100,000
Total	100,000	—	—	100,000
Treasury stock				
Common stock	9,231	—	1,053	8,178
Total	9,231	—	1,053	8,178

The number of shares decreased during the period in common treasury stock is 1,053 thousand shares, as a result of disposal by third party allotment.

(2) Detailed Information for Cash Dividends  
Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2013	Common stock	¥635 million \$6,169 thousand (Note 1(2))	¥7 \$0.07 (Note 1(2))	31st March 2013	28th June 2013

Of dividends with record date within the fiscal year ended 31st March 2014, dividends with the effective date after 31st March 2014

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2014	Common stock	¥642 million \$6,237 thousand (Note 1(2))	Retained earnings	¥7 \$0.07 (Note 1(2))	31st March 2014	30th June 2014

For the year ended 31st March 2013

(1) Detailed Information for Outstanding Shares and Treasury Stock

	(Thousand shares)			
	Number of shares as of 1st April 2012	Number of shares increased during the period	Number of shares decreased during the period	Number of shares as of 31st March 2013
Outstanding shares				
Common stock	100,000	—	—	100,000
Total	100,000	—	—	100,000
Treasury stock				
Common stock	9,458	—	227	9,231
Total	9,458	—	227	9,231

The number of shares decreased during the period in common treasury stock is 227 thousand shares, as a result of disposal by third party allotment.

(2) Detailed Information for Cash Dividends  
Dividends paid

	Type of shares	Total dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 28th June 2012	Common stock	¥633 million	¥7	31st March 2012	29th June 2012

Of dividends with record date within the fiscal year ended 31st March 2013, dividends with the effective date after 31st March 2013

	Type of shares	Total dividends	Source of dividends	Dividend per share	Dividend record date	Effective date
General meeting of shareholders on 27th June 2013	Common stock	¥635 million	Retained earnings	¥7	31st March 2013	28th June 2013

9. Notes to the Consolidated Statements of Cash Flows

(1) Reconciliations of the balance of cash and cash equivalents at the end of the period to the amounts shown in the consolidated balance sheets are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Cash and deposits	¥ 11,815	¥ 11,063	\$ 114,797
Monetary receivables bought	1,999	—	19,422
Securities	513,472	478,058	4,989,040
Time deposits with original maturities of more than three months	(56)	(42)	(544)
Securities other than cash equivalents	(497,473)	(472,496)	(4,833,589)
Cash and cash equivalents	¥ 29,757	¥ 16,583	\$ 289,127

(2) Cash flows from investing activities include those related to insurance business.

10. Leases

Future lease payments due under non-cancelable operating leases are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Within one year	¥2	¥ 7	\$19
Over one year	0	7	0
Total	¥3	¥15	\$29

11. Financial Instruments

(1) Outline of Financial Instruments

A. Policy for Financial Instruments

The Company underwrites non-life reinsurance (such as Fire, Marine, Personal accident, Motor, General liabilities reinsurance) and life reinsurance. The Company invests in financial instruments paying attention to adequate safety, liquidity and profitability, as a funding source of the reinsurance claims to be paid securely and promptly.

The Company maintains Enterprise Risk Management system to control investment risk, to keep adequate solvency in case of the risk occurrence.

Additionally, in order to further strengthen financial foundation, the Company substantially enhanced capital adequacy by issuing subordinated notes with an established equity content level recognized by major rating companies.

B. Types of Financial Instruments and Related Risk

The Company holds financial instruments mainly for the purpose of investment and business cooperation. Main components of the instruments are bonds, stocks and investment trust funds, which are exposed to price risk due to market fluctuation (interest rate, foreign exchange rate and stock price), and credit risk of the issuers.

Derivatives utilized by the Company are forward foreign exchange contracts. Forward foreign exchange contracts are utilized for hedging fluctuation risk in future foreign exchange rates, regarding to redemptions and interests arising from foreign bonds.

Derivatives are only taken out with counterparties or referenced entities with a suitable credit rating.

Loans are exposed to credit risk due to breach of contracts.

Subordinated notes issued by the Company are exposed to market risk due to interest-rate fluctuation.

C. Risk Management for Financial Instruments

The board of directors establishes risk management policies and internal rules for investment, and defines risk management methodologies, process and which department to be responsible for risk managements. The department in charge performs the risk managements in accordance with the policies and the rules, and condition of the risk is reported to the board regularly or properly, to enable the board to recognize the actual condition of the risk.

Foreign subsidiaries establish investment policies and manage the risk in accordance with the policies, and hold investment committee and other meetings regularly to discuss condition of risk management and future investment policies. The third party investment management arrangements are made in accordance with the investment guidelines and compliance with the guidelines is monitored.

Internal audit department performs internal audit under internal audit plan regarding to condition of risk management mentioned above.

(a) Market risk management

(i) Interest rate fluctuation risk management

The department in charge analyzes risk amount by "Value at Risk" (hereafter VaR), sensitivity analysis for interest rate and other methods. Compliance with the rules is monitored and reported to the board regularly.

(ii) Foreign exchange risk management

The department in charge analyzes risk amount by VaR of foreign bonds, sensitive analysis and other methods. Compliance with the rules is monitored, and foreign exchange risk (offsetting foreign currency assets and liabilities) is recognized by the department in charge of integrated risk management, and reported to the board regularly.

(iii) Price fluctuation risk management

The department in charge analyzes risk amount by VaR, sensitive analysis for market and other methods. Compliance with the rules is monitored and reported to the board regularly.

(b) Credit risk management

With respect to credit risk of bond issuer and the referenced entities' credit in credit derivatives, the department in charge regularly recognizes market conditions, financial condition, credit information and fair value. For loans, the department in charge performs credit management by extending credit assessment, determining when to obtain collateral and guarantees, on individual debtor basis. Compliance with the rules is reported to the board regularly.

(c) Liquidity risk management

The Company performs appropriate fund management, and management for liquidity risk by holding assets with adequate liquidity, and obtaining committed lines of credit from several financial institutions. Liquidity risk is monitored by the department in charge, and reported to the board regularly.

D. Supplementary Explanation for the Fair Value of Financial Instruments.

The fair value of financial instruments includes market price and price measured reasonably by the Company if market price is not available. Measurement for price of financial instruments depends on certain assumptions, the use of different assumptions could result in a different price.

(2) Fair Value of Financial Instruments

The amount on consolidated balance sheet, fair value and unrealized gain (loss) of financial instruments as of 31st March 2014 and 2013 are as follows. Financial instruments extremely difficult to measure fair value are not included in the table. Also please see note (b) below.

As of 31st March 2014	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 11,815	¥ 11,815	¥ —
Securities			
Available for sale	505,833	505,833	—
Total assets	¥517,649	¥517,649	¥ —
Corporate bonds	¥ 30,000	¥ 30,215	¥ 215
Total liabilities	¥ 30,000	¥ 30,215	¥ 215

As of 31st March 2014	Thousands of U.S. dollars (Note 1(2))		
	Amount on consolidated balance sheet	Fair value	Unrealized gain (loss)
Cash and deposits	\$ 114,797	\$ 114,797	\$ —
Securities			
Available for sale	4,914,817	4,914,817	—
Total assets	\$5,029,624	\$5,029,624	\$ —
Corporate bonds	\$ 291,488	\$ 293,577	\$ 2,089
Total liabilities	\$ 291,488	\$ 293,577	\$ 2,089

As of 31st March 2013	Millions of yen		
	Amount on consolidated balance sheet	Fair value	Unrealized gain (loss)
Cash and deposits	¥ 11,063	¥ 11,063	¥ —
Securities			
Available for sale	477,247	477,247	—
Total assets	¥488,310	¥ 488,310	¥ —
Corporate bonds	¥ 30,000	¥ 30,224	¥ 224
Total liabilities	¥ 30,000	¥ 30,224	¥ 224

(Notes)

(a) Measuring method for fair value of financial instruments

(i) Assets

Cash and deposits

Fair value of cash and deposits is deemed as book value since it is scheduled to be settled in a short period of time and fair value approximates book value.

Securities

Fair value of stocks is based on market quoted price. Fair value of bonds is based on quoted price, price released by Japan Securities Dealers Association, price quoted by counterparties and price provided by financial institutions. Fair value of investment trust funds is based on publicly announced price or unit price provided by financial institution. With respect to investment in partnership, partnership's property is measured at fair value if available, and then the part of the Company's share is recorded to balance sheets.

## (ii) Liabilities

## Corporate bonds

Fair value of corporate bonds is calculated by financial institution as the amount of future cash flow discounted at the risk free rate for the corresponding period, considering the factors of market environment and other similar securities with an established equity content level.

- (b) Financial instruments extremely difficult to measure fair value are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2014	2013	2014	
Foreign bonds	¥ 3	¥ 3	\$ 29	
Other securities	6,500	—	63,155	
Non-listed stocks	1,135	808	11,027	
Total	¥ 7,638	¥ 811	\$ 74,212	

Above mentioned financial instruments where there are no available market prices and extremely difficult to measure fair value, are not subject to disclosure of fair value.

- (c) The redemption schedules as of 31st March 2014 and 2013 for monetary receivables and available-for-sale securities with maturities are as follows:

As of 31st March 2014	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 11,815	¥ —	¥ —	¥ —
Securities				
Available-for-sale securities with maturities				
Government bonds	10,290	39,090	7,800	—
Municipal bonds	121	2,652	1,500	—
Corporate bonds	10,800	49,921	11,803	—
Foreign securities	32,236	111,524	55,762	40,417
Total	¥ 65,263	¥ 203,188	¥ 76,865	¥ 40,417

As of 31st March 2014	Thousands of U.S. dollars (Note 1(2))			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	\$ 114,797	\$ —	\$ —	\$ —
Securities				
Available-for-sale securities with maturities				
Government bonds	99,980	379,809	75,787	—
Municipal bonds	1,175	25,767	14,574	—
Corporate bonds	104,935	485,046	114,681	—
Foreign securities	313,214	1,083,598	541,799	392,703
Total	\$ 634,113	\$ 1,974,232	\$ 746,842	\$ 392,703

As of 31st March 2013	Millions of yen			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Deposits	¥ 11,063	¥ —	¥ —	¥ —
Securities				
Available-for-sale securities with maturities				
Government bonds	37,600	29,360	13,200	—
Municipal bonds	—	2,671	2,100	—
Corporate bonds	6,300	51,386	12,692	—
Foreign securities	29,007	94,836	47,553	34,876
Total	¥ 83,970	¥ 178,254	¥ 75,545	¥ 34,876

- (d) The repayment schedules as of 31st March 2014 and 2013 for corporate bonds are as follows:

As of 31st March 2014

	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 30,000

	(Thousands of U.S. dollars (Note 1(2)))					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 291,488

As of 31st March 2013

	Millions of yen					
	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Corporate bonds	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 30,000

## 12. Investments in Securities

- (1) There are neither trading securities nor held-to-maturity securities.
- (2) Information regarding available-for-sale securities with fair value as of 31st March 2014 and 2013 is as follows:

As of 31st March 2014	Millions of yen		
	Fair value	Cost	Unrealized gain (loss)
Securities for which fair value exceeds their cost			
Government, municipal and corporate bonds	¥ 128,136	¥ 123,848	¥ 4,288
Stocks	70,505	17,638	52,867
Foreign securities	220,927	195,294	25,632
Others	1,538	1,528	10
Subtotal	¥ 421,109	¥ 338,310	¥ 82,799

As of 31st March 2014	Millions of yen		
	Fair value	Cost	Unrealized gain (loss)
Securities for which fair value does not exceed their cost			
Government, municipal and corporate bonds	¥ 11,063	¥ 11,072	¥ (8)
Stocks	—	—	—
Foreign securities	73,660	76,318	(2,657)
Others	1,999	1,999	—
Subtotal	86,724	89,390	(2,666)
Total	¥ 507,833	¥ 427,700	¥ 80,132

	Thousands of U.S. dollars (Note 1(2))		
	Fair value	Cost	Unrealized gain (loss)
Securities for which fair value exceeds their cost			
Government, municipal and corporate bonds	\$1,245,005	\$1,203,342	\$ 41,663
Stocks	685,046	171,375	513,670
Foreign securities	2,146,589	1,897,532	249,047
Others	14,943	14,846	97
Subtotal	\$4,091,614	\$3,287,116	\$ 804,498
Securities for which fair value does not exceed their cost			
Government, municipal and corporate bonds	\$ 107,491	\$ 107,578	\$ (77)
Stocks	—	—	—
Foreign securities	715,701	741,527	(25,816)
Others	19,422	19,422	—
Subtotal	842,635	868,538	(25,903)
Total	\$4,934,249	\$4,155,654	\$ 778,585

\*Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

\*\*Commercial papers classified as "Monetary receivables bought" in the consolidated balance sheets are included in "Others" above.

As of 31st March 2013	Millions of yen		
	Fair value	Cost	Unrealized gain (loss)
Securities for which fair value exceeds their cost			
Government, municipal and corporate bonds	¥136,327	¥132,309	¥ 4,017
Stocks	63,171	16,627	46,544
Foreign securities	218,903	199,053	19,850
Others	204	200	4
Subtotal	¥418,606	¥348,190	¥ 70,416
Securities for which fair value does not exceed their cost			
Government, municipal and corporate bonds	¥ 24,957	¥ 24,991	¥ (33)
Stocks	905	912	(6)
Foreign securities	32,733	33,867	(1,133)
Others	44	44	(0)
Subtotal	58,641	59,815	(1,174)
Total	¥477,247	¥408,005	¥ 69,242

\*Available-for-sale securities which are extremely difficult to measure fair value are not included in the above table.

(3) Sales of securities classified as available-for-sale and the aggregate gain and loss are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Proceeds from sales			
Government, municipal and corporate bonds	¥ 9,405	¥ 7,235	\$ 91,381
Stocks	—	1,785	—
Foreign securities	50,507	98,503	490,740
Others	197	—	1,914
Total	¥ 60,110	¥107,524	\$ 584,045
Gain on sales			
Government, municipal and corporate bonds	¥ 77	¥ 485	\$ 748
Stocks	—	1,217	—
Foreign securities	4,540	8,267	44,111
Others	—	—	—
Total	¥ 4,618	¥ 9,970	\$ 44,869
Loss on sales			
Government, municipal and corporate bonds	¥ 62	¥ 55	\$ 602
Stocks	—	188	—
Foreign securities	666	2,173	6,471
Others	2	—	19
Total	¥ 731	¥ 2,418	\$ 7,102

(4) Securities for which Impairment Losses Are Recognized  
For the year ended 31st March 2014, the Company recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥3 million (\$29 thousand) in the consolidated statements of income. Consolidated subsidiaries recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥58 million (\$563 thousand) in the consolidated statements of income.

For the year ended 31st March 2013, the Company recognized impairment losses regarding available-for-sale securities with fair value (Government, municipal and corporate bonds) in the amount of ¥102 million in the consolidated statements of income. Consolidated subsidiaries recognized impairment losses regarding available-for-sale securities with fair value (Foreign securities) in the amount of ¥618 million in the consolidated statements of income.

In principle, impairment losses on available-for-sale securities with fair value held by the Company are recognized when the fair value has declined by 30% or more of their book value. Impairment losses on available-for-sale securities with fair value held by consolidated subsidiaries are recognized when the fair value has declined below their book value and the decline in fair value is deemed to be other than temporary.

### 13. Money Held in Trust

(1) Money Held in Trust for Trading Purposes

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Net unrealized gains (losses) recognized for the fiscal year	¥ (241)	¥ 180	\$ (2,341)



(2) Money Held in Trust for Being Held to Maturity  
None.

(3) Money Held in Trust Not for Trading Purposes or Not Being Held to Maturity  
None.

#### 14. Derivatives

None.

#### 15. Retirement Benefits

As of 31st March 2014

##### (1) Outline of Retirement Benefit Plans

The Company and consolidated subsidiaries have funded and unfunded defined retirement benefit plans covering substantially all employees.

For defined benefit retirement plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment and pension.

For lump-sum payment retirement plans which are all unfunded plans, the benefit based on an employee's salary and years of service are paid in the form of lump-sum payment.

##### (2) Defined Benefit Plan

###### A. Changes in the retirement benefit obligations during the period

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
Retirement benefit obligations at the beginning of the period	¥10,061	\$ 97,755
Service cost	570	5,538
Interest cost	328	3,186
Actuarial differences	(821)	(7,977)
Benefit paid	(319)	(3,099)
Others	2,399	23,309
Retirement benefit obligations at the end of the period	¥12,219	\$118,723

###### B. Changes in the plan assets during the period

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
Plan assets at the beginning of the period	¥ 5,615	\$ 54,556
Expected return on plan assets	129	1,253
Actuarial differences	81	787
Employer contributions	719	6,986
Benefit paid	(272)	(2,642)
Others	376	3,653
Plan assets at the end of the period	¥ 6,651	\$ 64,623

###### C. Reconciliations of retirement benefit obligations and plan assets to net defined benefit liabilities and assets recognized in the consolidated balance sheets at the end of the period

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
Retirement benefit obligations for funded plan	¥10,368	\$100,738
Plan assets	(6,651)	(64,623)
	3,717	36,115
Retirement benefit obligations for unfunded plan	1,850	17,975
Net amount of liabilities (assets) recognized in the consolidated balance sheets	¥ 5,568	\$ 54,100
Net defined benefit liabilities	¥ 5,568	\$ 54,100
Net amount of liabilities and assets recognized in the consolidated balance sheets	¥ 5,568	\$ 54,100

##### D. Components of retirement benefit cost

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
Service cost	¥ 570	\$ 5,538
Interest cost	328	3,186
Expected return on plan assets	(129)	(1,253)
Amortization of actuarial differences	(239)	(2,322)
Amortization of prior service costs	1	9
Retirement benefit cost for defined benefit plan	¥ 532	\$ 5,169

##### E. Remeasurements of defined benefit plans

Components of remeasurements of defined benefit plans before tax effect are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1(2))
Unrecognized prior service costs	¥ (4)	\$ (38)
Unrecognized actuarial differences	(590)	(5,732)
Total	¥ (595)	\$ (5,781)

##### F. Plan assets

###### (a) Major Components of plan assets

Percentages of total plan assets by major categories are as follows:

Bonds	20%
Stocks	12
General accounts	66
Others	2
Total	100%

###### (b) Determination of long-term expected rate of return

The long-term expected rate of return on plan assets has been estimated based on the current and anticipated allocation to each asset class and the current and anticipated long-term rates of returns on assets held in each category.

##### G. Actuarial assumptions

Major actuarial assumptions as of 31st March 2014 are as follows:

Discount rate	Mainly 2.0%
Long-term expected rate of return	Mainly 1.0%

As of 31st March 2013

##### (1) Outline of Retirement Benefit Plans

The Company has defined benefit retirement plans and lump-sum payment retirement plans covering substantially all employees.

Additionally, a subsidiary has defined benefit retirement plans.

##### (2) Components of Accrued Retirement Benefits for Employees

	Millions of yen
Projected benefit obligations	¥(10,061)
Plan assets	5,615
Unfunded retirement benefit obligation ..... (a)	(4,446)
Unrecognized actuarial differences ..... (b)	(378)
Net amount in the consolidated balance sheets ..... (a)+(b)	(4,824)
Accrued retirement benefits for employees	¥ (4,824)

##### (3) Components of Retirement Benefit Cost

	Millions of yen
Service cost	¥ 436
Interest cost	246
Expected return on plan assets	(96)
Amortization of unrecognized actuarial differences	859
Amortization of unrecognized prior service costs	0
Retirement benefit cost	¥ 1,446

- (4) Assumptions Used in Calculation of Accrued Retirement Benefits for Employees
- A. Method of attributing the projected benefits to periods of service  
Straight-line basis
- B. Discount rate and expected rate of return on plan assets  
Discount rate Mainly 2.0%  
Expected rate of return on plan assets Mainly 0.7%
- C. Amortization of unrecognized prior service costs  
9.2 years for consolidated subsidiaries
- D. Amortization of actuarial differences  
Mainly 1 year (fully amortized in the following fiscal year)

## 16. Deferred Tax

### (1) Major Components of Net Deferred Tax Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Deferred tax assets			
Underwriting reserves	¥ 28,239	¥ 25,130	\$ 274,378
Tax loss carryforwards	17,555	22,212	170,569
Outstanding claims	15,442	14,406	150,038
Reserve for price fluctuation	2,399	2,329	23,309
Others	4,524	3,728	43,956
Subtotal of deferred tax assets	68,160	67,807	662,261
Valuation allowance	(1,105)	(5,541)	(10,736)
Total deferred tax assets	¥ 67,054	¥ 62,265	\$ 651,515
Deferred tax liabilities			
Net unrealized gains on available-for-sale securities	¥ (25,083)	¥ (21,582)	\$ (243,713)
Others	(1,338)	(973)	(13,000)
Total deferred tax liabilities	¥ (26,422)	¥ (22,555)	\$ (256,723)
Net deferred tax assets	¥ 40,632	¥ 39,709	\$ 394,792

- (2) The reconciliations of the statutory income tax rate to the effective income tax rate for the years ended 31st March 2014 and 2013 are as follows:

	2014	2013
Statutory income tax rate of the Company	33.3%	33.3%
(Adjustments)		
Valuation allowance	(44.8)	4.3
Effect of changes in the tax rate	15.8	—
Non-taxable revenue such as dividends received	(14.8)	(8.9)
Undistributed profits of foreign subsidiaries	13.1	6.6
Elimination of dividends received from consolidated subsidiaries	8.2	3.8
Others	(0.9)	1.9
Effective income tax rate of the Companies	9.9%	41.0%

- (3) Impact of Changes in the Corporate Tax Rate  
Following the promulgation of the "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 10 of 2014) on 31st March 2014, Special Reconstruction Corporation Tax has been repealed from the fiscal year beginning on or after 1st April 2014.

Accordingly, the effective statutory income tax rate used to calculate deferred tax assets and deferred tax liabilities will change from 33.3% used previously, to 30.8% for temporary differences expected to be reversed in the fiscal year beginning 1st April 2014.

As a result of this change, deferred tax assets after offsetting deferred tax liabilities decreased by ¥1,195 million (\$11,610 thousand) and net income decreased by ¥1,152 million (\$11,193 thousand).

## 17. Segment Information

### (1) Outline of Reportable Segments

The Companies' reportable segments are components of the Companies about which separate financial information is available that is evaluated regularly by the management in deciding how to allocate resources and in assessing performance.

Our reportable segments are "The Toa Reinsurance Company, Limited (hereinafter Toa)", "The Toa Reinsurance Co. of America (TRA)" and "The Toa 21st Century Reinsurance Co., Ltd (TTFC)".

The Companies' business is assuming reinsurance, and within the company TRA is in charge of North America area, Toa and TTFC are in charge of others in the main.

### (2) Measurement of Sales, Profit or Loss, Assets, Liabilities, and Other Items for Each Reportable Segment

Accounting policies of each reported segment are in a manner consistent with that in the "Significant Accounting Policies"

Profit of each reportable segment shown in the following table represents "Net income".

Inter-segment revenues are measured on the basis of market transactions on arm's length terms.

### (3) Information about Sales, Profit or Loss, Assets, Liabilities, and Other Items on Each Reportable Segment

For the year ended 31st March 2014

Millions of yen

	Reportable segments			
	Toa	TRA	TTFC	Total
<b>Sales</b>				
Sales to external customers	¥153,827	¥ 46,803	¥ (178)	¥200,452
Inter-segment sales or transfers	(6,406)	(7,937)	16,423	2,079
Total	147,420	38,865	16,244	202,531
<b>Profit by reportable segments</b>	1,722	6,854	1,857	10,435
<b>Assets by reportable segments</b>	468,875	191,115	48,895	708,886
<b>Liabilities by reportable segments</b>	365,722	115,826	11,889	493,438
<b>Other items</b>				
Depreciation	279	64	—	343
Interest and dividends income	9,507	4,574	723	14,804
Interest expenses	1,602	—	—	1,602
Extraordinary income	0	—	—	0
Gain on disposal of fixed assets	0	—	—	0
Extraordinary loss	230	—	—	230
Provision for reserve under the special law	227	—	—	227
Income tax expense	(2,325)	3,212	488	1,375

Thousands of U.S. dollars (Note 1(2))

	Reportable segments			
	Toa	TRA	TTFC	Total
<b>Sales</b>				
Sales to external customers	\$1,494,626	\$ 454,751	\$ (1,729)	\$1,947,648
Inter-segment sales or transfers	(62,242)	(77,118)	159,570	20,200
Total	1,432,374	377,623	157,831	1,967,848
<b>Profit by reportable segments</b>	16,731	66,595	18,043	101,389
<b>Assets by reportable segments</b>	4,555,722	1,856,927	475,077	6,887,738
<b>Liabilities by reportable segments</b>	3,553,458	1,125,398	115,516	4,794,383
<b>Other items</b>				
Depreciation	2,710	621	—	3,332
Interest and dividends income	92,372	44,442	7,024	143,839
Interest expenses	15,565	—	—	15,565
Extraordinary income	0	—	—	0
Gain on disposal of fixed assets	0	—	—	0
Extraordinary loss	2,234	—	—	2,234
Provision for reserve under the special law	2,205	—	—	2,205
Income tax expense	(22,590)	31,208	4,741	13,359

\*Sales represent "Net premiums written".

For the year ended 31st March 2013

	Millions of yen			
	Reportable segments			Total
	Toa	TRA	TTFC	
<b>Sales</b>				
Sales to external customers	¥135,001	¥ 37,145	¥ —	¥172,147
Inter-segment sales or transfers	(3,798)	(6,086)	8,513	(1,371)
Total	131,203	31,059	8,513	170,775
<b>Profit by reportable segments</b>	4,489	2,873	1,146	8,508
<b>Assets by reportable segments</b>	474,907	151,086	41,478	667,472
<b>Liabilities by reportable segments</b>	379,850	94,220	12,318	486,389
<b>Other items</b>				
Depreciation	289	56	—	345
Interest and dividends income	7,382	3,777	656	11,817
Interest expenses	1,601	—	—	1,601
Extraordinary income	0	—	—	0
Gain on disposal of fixed assets	0	—	—	0
Extraordinary loss	232	—	—	232
Provision for reserve under the special law	232	—	—	232
Income tax expense	3,647	1,100	297	5,044

\*Sales represent "Net premiums written".

(4) Reconciliations of Total Reportable Segments Amount to Amount Presented in Financial Statements and Descriptions of Reconciliations

A. Sales

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2014	2013	2014	
Total of reportable segments	¥202,531	¥170,775	\$1,967,848	
Elimination of inter-segment transactions	(2,079)	1,371	(20,200)	
Other adjustments	203	(657)	1,972	
Sales in consolidated financial statements	¥200,655	¥171,489	\$1,949,621	

\*Sales represent "Net premiums written".

B. Profit

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2014	2013	2014	
Total of reportable segments	¥ 10,435	¥8,508	\$101,389	
Elimination of inter-segment transactions	(1,525)	(911)	(14,817)	
Net income in consolidated financial statements	¥ 8,910	¥7,597	\$ 86,572	

C. Assets

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2014	2013	2014	
Total of reportable segments	¥708,886	¥667,472	\$6,887,738	
Elimination of inter-segment transactions	(68,346)	(69,153)	(664,069)	
Total assets in consolidated financial statements	¥640,539	¥598,319	\$6,223,659	

D. Liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1(2))	
	2014	2013	2014	
Total of reportable segments	¥493,438	¥486,389	\$4,794,383	
Elimination of inter-segment transactions	(13,188)	(13,122)	(128,138)	
Total liabilities in consolidated financial statements	¥480,250	¥473,266	\$4,666,245	

E. Other items

	Millions of yen		Thousands of U.S. dollars (Note 1(2))
	2014	2013	2014
Interest and dividends income			
Total of reportable segments	<b>¥14,804</b>	¥11,817	<b>\$143,839</b>
Adjustments*	<b>(2,426)</b>	(1,467)	<b>(23,571)</b>
Amounts in consolidated financial statements	<b>¥12,378</b>	¥10,349	<b>\$120,268</b>
Income tax expense			
Total of reportable segments	<b>¥ 1,375</b>	¥ 5,044	<b>\$ 13,359</b>
Adjustments*	<b>(393)</b>	236	<b>(3,818)</b>
Amounts in consolidated financial statements	<b>¥ 981</b>	¥ 5,281	<b>\$ 9,531</b>

\*Adjustment represents "elimination of inter-segment transactions".

(5) Related Information

For the year ended 31st March 2014

A. Information about revenue derived from its products or services

	Millions of yen							
	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	<b>¥63,374</b>	<b>¥10,337</b>	<b>¥8,695</b>	<b>¥21,197</b>	<b>¥26,398</b>	<b>¥51,009</b>	<b>¥19,644</b>	<b>¥200,655</b>

	Thousands of U.S. dollars (Note 1(2))							
	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	<b>\$615,759</b>	<b>\$100,437</b>	<b>\$84,483</b>	<b>\$205,956</b>	<b>\$256,490</b>	<b>\$495,617</b>	<b>\$190,866</b>	<b>\$1,949,621</b>

\*Sales represent "Net premiums written".

B. Information by geographic area

(a) Sales

Millions of yen			
Japan	United States	Others	Total
<b>¥116,180</b>	<b>¥51,373</b>	<b>¥33,102</b>	<b>¥200,655</b>

Thousands of U.S. dollars (Note 1(2))			
Japan	United States	Others	Total
<b>\$1,128,837</b>	<b>\$499,154</b>	<b>\$321,628</b>	<b>\$1,949,621</b>

\*Sales are classified by country based on the geographic area of customers.

\*\*Sales represent "Net premiums written".

(b) Tangible fixed assets

Millions of yen		
Japan	Others	Total
<b>¥9,612</b>	<b>¥962</b>	<b>¥10,575</b>

Thousands of U.S. dollars (Note 1(2))		
Japan	Others	Total
<b>\$93,392</b>	<b>\$9,347</b>	<b>\$102,749</b>

C. Information about major customers

None.

For the year ended 31st March 2013

A. Information about revenue derived from its products or services

	Millions of yen							
	Fire	Marine	Personal Accident	Motor	General Liabilities	Life	Others	Total
Sales to external customers	¥54,523	¥9,225	¥6,381	¥21,624	¥23,017	¥39,073	¥17,645	¥171,489

\*Sales represent "Net premiums written".

B. Information by geographic area  
(a) Sales

Millions of yen			
Japan	United States	Others	Total
¥110,744	¥38,610	¥22,134	¥171,489

\*Sales are classified by country based on the geographic area of customers.

\*\*Sales represent "Net premiums written".

(b) Tangible fixed assets

Millions of yen		
Japan	Others	Total
¥9,744	¥910	¥10,654

C. Information about major customers  
None.

(6) Information about Impairment Losses on Fixed Assets by Reportable Segments  
None.

(7) Information about Amortization of Goodwill and Carrying Amount by Reportable Segments  
None.

(8) Information about Gains on Negative Goodwill by Reportable Segments  
None.

**18. Related Party Transactions**

There are no material transactions with related parties to report for the fiscal years ended 31st March 2014 and 2013.

**19. Per Share Information**

	Yen		U.S. dollars (Note 1(2))
	2014	2013	2014
Net assets per share	¥1,745.65	¥1,377.70	\$16.96
Net income per share	97.56	83.89	0.95

\*There are no potential common shares, therefore diluted net income per share is not described.

\*\*Basis for computing net income per share is as follows:

	For the fiscal year ended 31st March 2014	For the fiscal year ended 31st March 2013
Net income (Millions of yen)	¥ 8,910	¥ 7,597
Amounts not attributable to common shareholders (Millions of yen)	—	—
Net income attributable to common shareholders (Millions of yen)	¥ 8,910	¥ 7,597
Average number of common shares outstanding for the year (Thousand shares)	91,328	90,552

\*\*\*As described in "Change in Accounting Policies", the application of the Accounting Standard for Retirement Benefits and the Guideline on Retirement Benefits is subject to the transitional accounting treatment set forth in paragraph 37 of the Accounting Standard for Retirement Benefits.

As a result, net assets per share decreased by ¥4.16 (\$0.04) at the end of the fiscal year ended 31st March 2014.

**20. Significant Subsequent Events after Balance Sheet Date**

The Company has resolved to transfer the treasury stock by third party allotment for the purpose of the capital adequacy at the general shareholders' meeting held on 27th June 2014.

The details of the resolution are as follows:

- (1) Type of the shares to be transferred  
Common stock
- (2) Number of the shares to be transferred  
5,000,000 shares (the upper limit)
- (3) Transfer price  
¥627 per share (the lower limit)

The Board of Directors of the Company has been delegated on the decision of specific conditions regarding this transfer.

# Related Information to the Consolidated Financial Statements

## 1. The Details of Corporate Bonds

Issuer	Series	Issue Date	As of 1st April 2013	As of 31st March 2014	Coupon (%)	Collateral	Maturity
The Toa Reinsurance Company, Limited	Toa Reinsurance #1 Step-up Callable Subordinated Notes (Qualified Institutional Investors Only)	21st March 2012	¥30,000 million (\$291,488 thousand (Note 1(2)))	¥30,000 million (\$291,488 thousand (Note 1(2)))	5.34	None	20th July 2062

(Notes)

There is no amount to mature within 5 years after 31st March 2014.

## 2. The Details of Borrowings

	Millions of yen		Average interest rate (%)	The term of repayment
	As of 1st April 2013	As of 31st March 2014		
Lease liabilities due in 1 year or less	¥ 38	¥ 61	—	—
Lease liabilities (except for those due in 1 year or less)	76	113	—	From 1st April 2015 to 31st May 2019
Total	¥114	¥174	—	—

	Thousands of U.S. dollars (Note 1(2))		Average interest rate (%)	The term of repayment
	As of 1st April 2013	As of 31st March 2014		
Lease liabilities due in 1 year or less	\$ 369	\$ 592	—	—
Lease liabilities (except for those due in 1 year or less)	738	1,097	—	From 1st April 2015 to 31st May 2019
Total	\$1,107	\$1,690	—	—

(Notes)

(a) The above amount is included in "Other liabilities" in the consolidated balance sheets.

(b) "Average interest rate" on lease liabilities is not stated above because lease liabilities in the consolidated balance sheets are recognized without deducting lease interest included in the total lease charges.

(c) The repayment for the lease liabilities (except for those due in 1 year or less) scheduled within 5 years following the consolidated balance sheet date are as follows:

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities (Millions of yen)	¥55	¥43	¥12	¥1

	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years
Lease liabilities (Thousands of U.S. dollars (Note 1(2)))	\$534	\$417	\$116	\$9

## 3. The Details of Asset Retirement Obligations

None

### About Independent Auditors

Independent auditors for the year ended 31st March 2014 were Ernst & Young ShinNihon LLC.

The Board of Directors  
The Toa Reinsurance Company, Limited

We have audited the accompanying consolidated financial statements of The Toa Reinsurance Company, Limited and its consolidated subsidiaries, which comprise the consolidated balance sheet as of 31st March 2014, and the consolidated statements of income, comprehensive income, changes in shareholders' equity, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Toa Reinsurance Company, Limited and consolidated subsidiaries as of 31st March 2014, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 1(2).

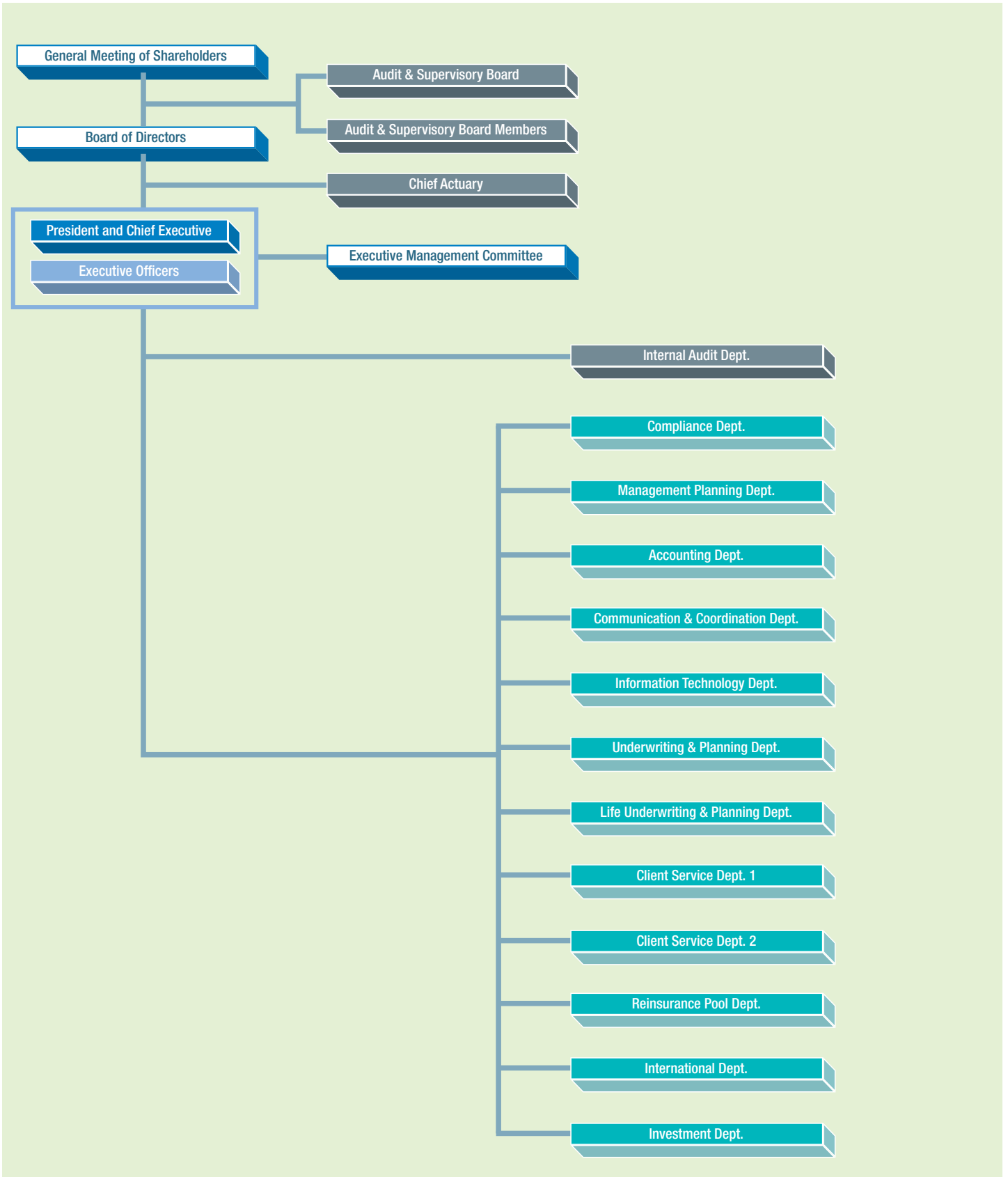
*Ernst & Young Shinrihon LLC*

27th June 2014  
Tokyo, Japan



# Organization

The Toa Reinsurance Company, Limited  
As of 30th June 2014



## Board of Directors

The Toa Reinsurance Company, Limited  
As of 30th June 2014

### PRESIDENT AND CHIEF EXECUTIVE

Tomoatsu Noguchi

### MANAGING DIRECTORS

Tetsuro Kanda  
Toshiyuki Sugawara

### DIRECTORS

Satoru Koizumi  
Kazuhiro Oura  
Masaaki Matsunaga  
Hironori Mishina  
Ryosaku Minato  
Keiji Hayashi  
Hiromi Asano

### AUDIT & SUPERVISORY BOARD MEMBERS

Yutaka Akiyama  
Katsumi Deguchi  
Kazuo Kondo  
Jun Kimura

## Corporate Data

The Toa Reinsurance Company, Limited  
As of 31st March 2014

### HEAD OFFICE

6, Kanda-Surugadai 3-chome,  
Chiyoda-ku, Tokyo 101-8703, Japan  
Telephone: 81-3-3253-3171  
Facsimile: 81-3-3253-1208  
URL: <http://www.toare.co.jp>

### DATE ESTABLISHED

15th October 1940

### NUMBER OF SHARES OF COMMON STOCK

Authorized: 400,000,000  
Issued: 100,000,000

### PAID-IN CAPITAL

¥ 5,000 million

### TOTAL ASSETS

¥ 468,875 million

### NUMBER OF EMPLOYEES

324

### LINES OF BUSINESS

Reinsurance of the following:  
Fire Insurance  
Marine Insurance  
Transit Insurance  
Personal Accident Insurance  
Voluntary Automobile Insurance  
Compulsory Automobile Liability Insurance  
General Liability Insurance  
Shipowners' Liability Insurance for Passengers' Personal Accident  
Workers' Accident Compensation Liability Insurance  
Aviation Insurance  
Credit Insurance  
Guarantee Insurance (including Surety Bond)  
Glass Insurance  
Machinery Insurance  
Contractors' All Risks Insurance  
Atomic Energy Insurance  
Movables Comprehensive Insurance  
Theft Insurance  
Windstorm and Flood Insurance  
Boiler and Turbo-Set Insurance  
Livestock Insurance  
Miscellaneous Pecuniary Loss Insurance  
Life Insurance  
Pet Insurance



Printed in Japan with vegetable oil ink